



# TaxNewsFlash

## Exempt Organizations

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## JCT general explanation of “One Big Beautiful Bill” (“Bluebook”)—provisions relevant for exempt organizations

The staff of the Joint Committee on Taxation (JCT) today released its 341-page general explanation of Pub. L. No. 119-21, commonly referred to as the “One Big Beautiful Bill Act” (OBBBA).

The JCT report is referred to as the “Bluebook,” but is officially titled: [General Explanation Of Public Law 119-21 \(JCS-1-26\)](#).

The introduction to the Bluebook states:

*This document, prepared by the staff of the Joint Committee on Taxation in consultation with the staffs of the House Committee on Ways and Means, the Senate Committee on Finance, and the Treasury Department’s Office of Tax Policy, provides an explanation of the tax provisions of Public Law 119-21 and the estimated budget effects of this law.*

### KPMG observation

Release of the Bluebook could be helpful to taxpayers in better understanding the new tax law, as well as to Treasury and the IRS as they continue to issue guidance to implement the OBBBA. Notably, the Bluebook indicates in footnotes certain areas in which technical corrections may be necessary to carry out congressional intent.

Note that, although a Bluebook can be relevant in interpreting a law, courts have found that it does not constitute official legislative history. See, e.g., *United States v. Woods*, 134 S. Ct. 557 (2013).

### Provisions relevant for exempt organizations

Among the various provisions in the OBBBA relating to tax-exempt organizations and their donors, the Bluebook contains commentary on the following provisions in the OBBBA relating to charitable giving:

- **The new 1% floor for corporate charitable contribution deductions.** This provision allows a corporate taxpayer to deduct a charitable contribution only to the extent that the aggregate amount of charitable contributions exceeds 1% of taxable income and does not exceed 10% of taxable income (the longstanding limitation on corporate contributions). In explaining this provision, the Bluebook states that a corporation “may only deduct total charitable contributions of up to nine percent of” taxable income in a tax year. However, the JCT also acknowledges that a “technical correction may be needed so that the statute reflects this intent,” perhaps reflecting the fact that a competing

interpretation of the amended statute is that, although the new provision denies a deduction for 1% of income, a corporation may still deduct up to 10% of taxable income in a tax year.

- **The OBBBA amendments to the 60% limit on individual charitable contributions.** Since 2018, contributions by an individual of cash to public charities have been limited to 60% of adjusted gross income. The Bluebook states that the OBBBA not only makes permanent this 60% limit but also “clarifies that the 60-percent limit applies after, and is reduced by, the amount of noncash contributions to” public charities.
- **Credit for contributions to scholarship granting organizations.** The OBBBA enacted a new nonrefundable tax credit (in lieu of a deduction) for certain charitable contributions of cash or marketable securities to certain charitable organizations providing scholarships to eligible elementary and secondary school students, which the statute states “shall not exceed \$1,700” in a tax year. In explaining the \$1,700 cap, the Bluebook states that, “[t]he same \$1,700 limit applies to single and joint filers.”

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