



# TCJA Alert: Unexpected Effect of Section 4960 Excise Tax

## ATTORNEYS

Jodi H. Epstein  
Jon Holbrook  
H. Carter Hood  
Brenda Jackson-Cooper  
Laurie E. Keenan  
Kevin P. O'Brien  
Kevin P. O'Brien  
Kasey A. Place  
Carroll J. Savage

## PRACTICE AREAS

Benefits & Compensation  
Exempt Organizations & Charitable Giving

February 22, 2019

New Code 4960 imposes a 21% tax on excess compensation (over \$1,000,000) paid to the current and former top-5 paid employees of tax-exempt organizations. Under initial IRS guidance, however, the additional tax could ensnare corporations (public and private) and plan sponsors. Because the tax is apportioned among entities related to a tax-exempt entity, taxable companies may be subject to unexpected additional tax if they have: Private Foundations, Voluntary Employee Benefit Associations (VEBAs), Political Action Committees (PACs), or Pension Trusts.

TCJA Alert