

Taxation of Exempts: Jamison Shipman on How IRS Guidance on Contributions to a Charity's Wholly Owned LLC is Still Missing

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Announcement 99-102, 1999-2 CB 545, was issued on October 1999. It provides that an entity disregarded for tax purposes under the Section 7701 entity classification regulations is to be treated as part of its tax-exempt sole member for purposes of reporting information pertaining to the finances and operations of the disregarded entity of annual information returns to the IRS. Ann. 99-102 also expressly states that this conclusion is required by the regulations. Thus, Ann. 99-102 confirms that a limited liability company (LLC) with a sole member that is an entity exempt from taxation under Section 501(a) must, absent a contrary election, be disregarded as an entity separate from such member, at least for certain purposes. Read more

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