

## Part III - Administrative, Procedural, and Miscellaneous

### Additional Relief with Respect to Deadlines under Section 501(r)(3) Applicable to Hospital Organizations Affected by the Ongoing Coronavirus Disease 2019 Pandemic

Notice 2020-56

#### **SECTION 1. PURPOSE**

In response to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic, this notice amplifies the relief provided in Notice 2020-23, 202-18 IRB 742, for hospital organizations that are required to meet the community health needs assessment (CHNA) requirements under section 501(r)(3) of the Code. Notice 2020-23 postponed until July 15, 2020, the deadline for performing any CHNA requirement that is due to be completed on or after April 1, 2020, and before July 15, 2020. This notice provides a further postponement, until December 31, 2020, of the deadline for performing any CHNA requirement due to be completed on or after April 1, 2020, and before December 31, 2020.

#### **SECTION 2. BACKGROUND**

##### **A. CHNA Requirements for Hospital Organizations**

Section 501(r)(1) states that an organization described in section 501(r)(2) (a

hospital organization) will not be treated as described in section 501(c)(3) unless the organization meets the requirements described in section 501(r)(3) through 501(r)(6). Section 501(r)(2) specifies that a hospital organization must meet the section 501(r) requirements, including the requirements of section 501(r)(3), separately with respect to each hospital facility it operates.

Section 501(r)(3) requires a hospital organization to conduct a CHNA at least once every three years and adopt an implementation strategy to meet the community health needs identified through the CHNA (collectively, CHNA requirements). The CHNA must take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health. In addition, the CHNA must be made widely available to the public.

The CHNA must be conducted by the end of the third taxable year (or in either of the two taxable years immediately preceding such taxable year). The implementation strategy must be adopted on or before the 15th day of the fifth month after the end of the taxable year in which the hospital facility completes the final step for the CHNA.

Section 4959 imposes a \$50,000 excise tax on a hospital organization that fails to meet either or both of the section 501(r)(3) CHNA requirements with respect to any taxable year.

## **B. COVID-19 Disaster Relief – Prior Postponement of Certain Deadlines and Other Requirements Pursuant to Section 7508A**

On March 13, 2020, the President of the United States issued an emergency declaration under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq., in response to the ongoing COVID-19 pandemic (Emergency Declaration). The Emergency Declaration instructed the Secretary of the Treasury “to provide relief from tax deadlines to Americans who have been adversely affected by the COVID-19 emergency, as appropriate, pursuant to 26 U.S.C. 7508A(a).”

Section 7508A provides the Secretary of the Treasury or his delegate (Secretary) with the authority to postpone the time for performing certain acts under the internal revenue laws for a taxpayer determined by the Secretary to be affected by a federally declared disaster as defined in section 165(i)(5)(A). Pursuant to section 7508A(a), a period of up to one year may be disregarded in determining whether the performance of certain acts is timely under the internal revenue laws.

On April 9, 2020, the Department of the Treasury and the Internal Revenue Service issued Notice 2020-23, which provides relief under section 7508A(a) of the Code for certain persons that the Secretary determined to be affected by the COVID-19 emergency. Notice 2020-23 provides, among other things, that the term Affected Taxpayer includes any person who performs a time-sensitive action listed in Rev. Proc. 2018-58, 2018-50 IRB 990, due to be performed (originally or pursuant to a valid extension) on or after April 1, 2020, and before July 15, 2020. The time-sensitive

actions listed in Rev. Proc. 2018-58 include the requirement under section 501(r)(3) to conduct a CHNA in the taxable year or in either of the two taxable years immediately preceding the taxable year and to adopt an implementation strategy to meet the community health needs identified through the CHNA. See Rev. Proc. 2018-58, section 10, 2018–50 IRB at 1005. Accordingly, Notice 2020-23 postponed until July 15, 2020, the deadline for any CHNA due to be conducted and for any implementation strategy due to be adopted on or after April 1, 2020, and before July 15, 2020.

### **SECTION 3. GRANT OF RELIEF**

Any hospital organization that is required to meet either of the CHNA requirements under section 501(r)(3) of the Code on or after April 1, 2020, and before December 31, 2020 (Specified Time-Sensitive Action), is determined to be affected by the COVID-19 emergency for purposes of the relief described in this section 3 (Affected Taxpayer).

For an Affected Taxpayer, the due date for any CHNA due to be conducted and for any implementation strategy due to be adopted on or after April 1, 2020, and before December 31, 2020, is postponed to December 31, 2020. Even though the due date for a CHNA to be conducted on or after April 1, 2020, and before December 31, 2020, is postponed to December 31, 2020, by this notice, for purposes of applying § 1.501(r)-3(c)(5) of the Income Tax Regulations to determine the deadline for adoption of the implementation strategy, the hospital facility is not considered to have completed

the final step for the CHNA in a later taxable year. Thus, for example, if an Affected Taxpayer was required to conduct a CHNA by April 30, 2020 (the end of the third taxable year) and was required to adopt an implementation strategy by September 15, 2020, the Affected Taxpayer now has an extension until December 31, 2020, to complete both steps.

#### **SECTION 4. EFFECT ON OTHER DOCUMENTS**

Notice 2020-23 is amplified.

#### **SECTION 5. DRAFTING INFORMATION**

The principal author of this notice is Ingrid M. Vatamanu of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). For further information regarding this notice contact Ingrid M. Vatamanu on (202) 317-4541 (not a toll-free call).