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Substantiating Charitable Contributions

Many charitable organizations described in section 501(c)(3), other than testing for public safety organizations, are eligible to receive tax-deductible contributions in accordance with section 170. Most eligible organizations are listed in [Exempt Organizations Select Check \(Pub 78 database\)](#).

A charitable organization must provide a written disclosure statement to donors of a quid pro quo contribution in excess of \$75. A *quid pro quo contribution* is a payment made to a charity by a donor partly as a contribution and partly for goods or services provided to the donor by the charity. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution portion of the payment is \$60. Even though the part of the payment available for deduction does not exceed \$75, a disclosure statement must be filed because the donor's payment (quid pro quo contribution) exceeds \$75. The required written disclosure statement must:

1. Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and
2. Provide the donor with a good faith estimate of the value of the goods or services that the donor received.

The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

No disclosure statement is required when:

1. The goods or services given to a donor meet the standards for *insubstantial value* set out in [Revenue Procedure 90-12](#), 1990-1 C.B. 471, and [Revenue Procedure 92-49](#), 1992-1 C.B. 987 (as updated);
2. There is no donative element involved in a particular transaction with a charity (for example, there is generally no donative element involved in a visitor's purchase from a museum gift shop); or
3. There is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to the donor by an organization organized exclusively for religious purposes, and must be of a type that generally is not sold in a commercial transaction outside the donative context.

A penalty is imposed on a charity that does not make the required disclosure in connection with a quid pro quo contribution of more than \$75. The penalty is \$10 per contribution, not to exceed \$5,000 per fund-raising event or mailing. The charity can avoid the penalty if it can show that the failure was due to reasonable cause.

Under a [new recordkeeping rule](#) effective for all cash, check, electronic funds transfers, credit card charges, or other monetary contributions of any amount made in taxable years beginning after August 17, 2006, the donor must obtain and keep a bank record or a written communication from the donee as a record of the contribution. Written records prepared by the donor (such as check registers or personal notations) are no longer sufficient to support charitable contributions. *Bank records* for this recordkeeping requirement include bank or credit union statements, canceled checks, or credit card statements. They must show the date paid or posted, the name of the charity, and the amount of the payment. Taxpayers who claim charitable [contributions made by payroll deduction](#) can satisfy the recordkeeping requirement if the donor has (1) a pay stub, W-2, or other document furnished by the employer that states the amount withheld for payment to charity, and (2) a pledge card or other document prepared by or at the direction of the charity that shows the name of a donee. An organization described in section 170(c), or a Principal Combined Fund Organization for purposes of the Combined Federal Campaign, will be treated as a donee organization for purposes of the new recordkeeping provision.

A donor claiming a deduction of \$250 or more is also required to obtain and keep a contemporaneous written acknowledgment for a charitable contribution. To be contemporaneous the written acknowledgment must generally be obtained by the donor no later than the date the donor files the return for the year the contribution is made. The written acknowledgment must state whether the donee provides any goods or services in consideration for the contribution. If the donee provides goods or services to the donor in exchange for the contribution (a quid pro quo contribution), the written acknowledgment must include a good faith estimate of the value of the goods or services. The donee is not required to record or report this information to the IRS on behalf of a donor. The donor is responsible for requesting and obtaining the written acknowledgment from the donee. Although there is no prescribed format for the written acknowledgment, it must provide sufficient information to substantiate the amount of the contribution. For more information, see [Publication 1771](#).

The contemporaneous written acknowledgment may be contained in the same document as the written communication from the donee used to satisfy the new cash recordkeeping requirement, as long as it contains all information required by both the recordkeeping requirement and the contemporaneous written acknowledgment requirement.

For claimed contributions over \$5,000, generally a qualified appraisal prepared by a qualified appraiser must be obtained. For appraisals prepared in connection with returns or submissions filed after August 17, 2006, see [Notice 2006-96](#).

Household items and clothing contributed to charity after August 17, 2006 must be in at least good used condition to be deductible. This requirement does not apply to contributions of food, paintings, antiques, other art objects, jewelry and gems, or collections, and does not apply to a contribution of an item for which a deduction of more than \$500 is claimed if the taxpayer obtains a qualified appraisal of the item.

Additional information

- [Publication 1771, Charitable Contributions - Substantiation and Disclosure Requirements](#)
- [Updates on Disclosure and Substantiation Rules](#).
- [IRC 6700 and IRC 6701 and Charitable Contribution Deductions](#)
- Publication 526, [Charitable Contributions](#)
- [Required Disclosures](#) - online training at StayExempt.IRS.gov
- [Contributions of vehicles](#)

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