

**Publication 1771**

# **Charitable Contributions**

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## **Substantiation and Disclosure Requirements**



**Tax Exempt and Government Entities**

**EXEMPT ORGANIZATIONS**

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Are you an organization that receives contributions of **\$250 or more**?

– or –

Are you an organization that provides goods or services to donors who make contributions of **more than \$75**?

– or –

Are you a donor who makes contributions to a charity?

**Charitable Contributions – Substantiation and Disclosure Requirements,**

**Publication 1771**, provides a general explanation of the federal income tax law for organizations, such as charities and churches, that receive federal income tax-deductible charitable contributions and for donors who make contributions.

The IRS imposes recordkeeping and substantiation rules on donors making charitable contributions and disclosure rules

on charitable organizations that receive certain quid pro quo contributions from donors.

- Donors must have a **record of the contribution or a timely written communication** for any **monetary contribution** before donors can claim a charitable deduction on their federal income tax returns.
- Donors are responsible for obtaining a **contemporaneous written acknowledgment** from a charitable organization for any single **monetary contribution** or **noncash contribution** valued at \$250 or more before donors can claim a charitable deduction on their federal income tax returns.
- Charitable organizations are required to provide a **written disclosure statement** in **quid pro quo** charitable contributions where donors receive **goods or services**

in exchange for a single payment in excess of \$75.

For more detailed information on charitable contributions, see [Charitable Contributions, Publication 526](#). For assistance on valuing property donated to charitable organizations, see [Determining the Value of Donated Property, Publication 561](#). The rules in this publication do not apply to a donated motor vehicle, boat, or airplane if the claimed value exceeds \$500. For information on vehicle donations, see [A Charity's Guide to Vehicle Donation, Publication 4302](#), and [A Donor's Guide to Vehicle Donation, Publication 4303](#). This publication does not address conservation easement donations. For information on qualified conservation contributions, see Publication 526, Publication 561, and the instructions to [Form 8283, Noncash Charitable Contributions](#).

# Recordkeeping Rules

## Monetary Contribution Requirement

A donor cannot claim a federal income tax deduction for any **monetary contribution** unless the donor maintains a **record of the contribution** or a **timely written communication** from the charitable organization showing the name of the organization, the **date of the contribution**, and the amount of the contribution.

A **monetary contribution** includes cash, check, a transfer of a gift card redeemable for cash, and a payment made by credit card, electronic fund transfer, an online payment service, or payroll deduction.

A **record of the contribution** includes a bank record, a statement from a financial institution, an electronic fund transfer receipt, a canceled check, a scanned image of both



sides of a canceled check obtained from a bank website, or a credit card statement.

A **written communication** includes a receipt, a letter, and an email.

A **timely written communication** from the charitable organization is one that the donor receives from the organization on or before the earlier of the date the donor files the donor's original federal income tax return for the taxable year in which the contribution was made or the due date, including extensions, for filing the donor's original return for that year.

The **date of the contribution** is the date the donor gave the charitable organization the contribution.

# Payroll Deductions

For monetary contributions made by payroll deduction, the donor may use a pledge card prepared by or at the direction of the charitable organization, along with one of the following documents:

- a pay stub,
- Form W-2, Wage and Tax Statement, or
- other employer-furnished document that shows the amount withheld and paid to the charitable organization.

The donor must have these documents on or before the earlier of the date the donor files the donor's original federal income tax return for the taxable year in which the contribution was made or the due date, including extensions, for filing the donor's original return for that year.

If a donor makes **a single monetary contribution of \$250 or more by payroll**

**deduction**, the pledge card or other document from the charitable organization must also include a statement to the effect that the organization did not provide **goods or services** in exchange for any contributions made to the organization by payroll deduction if that was the case.

Each payroll deduction amount of \$250 or more is treated as a separate contribution for purposes of the \$250 threshold requirement for contemporaneous written acknowledgments.

# Noncash Contributions

**Noncash contributions** are contributions of property that do not meet the definition of **monetary contributions**, above. Just as is the case for monetary contributions, donors are responsible for obtaining a **contemporaneous written acknowledgment** from a charitable organization for any single noncash contribution valued at \$250 or more before donors can claim a charitable deduction on their federal income tax returns. Additional substantiation requirements may apply to noncash contributions. These requirements can be complicated. They depend on the type of property contributed and the claimed value of the property contributed. See Form 8283 and its instructions as well as Publication 526 for additional information.

# Contemporaneous Written Acknowledgment

## Requirement

A donor cannot claim a federal income tax deduction for any single contribution valued at \$250 or more unless the donor obtains a **contemporaneous written acknowledgment** of the contribution from the donee charitable organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a **contemporaneous written acknowledgment**, the donor cannot claim the federal income tax deduction. Although it's a donor's responsibility to obtain a **contemporaneous written acknowledgment**, a charitable organization must assist a donor by providing a **contemporaneous written statement** containing:

1. the name of the organization

2. the amount of any **monetary contribution**
3. a description (but not the fair market value) of any contribution of property
4. a statement that no **goods or services** were provided by the organization in return for the contribution, if that was the case
5. If the organization did provide **goods or services** in return for the contribution, a description and good faith estimate of the fair market value of the **goods or services**
6. If the organization only provided intangible religious benefits (described later in this publication) in return for the contribution, a statement so providing.

It isn't necessary to include either the donor's Social Security number or tax identification

number on the **contemporaneous written acknowledgment**.

A separate **contemporaneous written acknowledgment** may be provided for each single contribution valued at \$250 or more, or one **contemporaneous written acknowledgment**, such as an annual summary, may be used to substantiate several single contributions valued at \$250 or more. There are no

IRS forms for the **contemporaneous written acknowledgment**. However, samples of such acknowledgments are provided below.

Letters, postcards, or computer-generated forms with the above information are acceptable. A charitable organization can provide either a paper copy of the **contemporaneous written acknowledgment** to the donor, or an organization can provide the acknowledgment electronically, such as via an email addressed

to the donor. A donor shouldn't attach the acknowledgment to his or her individual federal income tax return, but must retain it to substantiate the contribution. Separate contributions of less than \$250 will not be aggregated. An example of this could be weekly offerings to a donor's church of less than \$250 even though the donor's annual total contributions are \$250 or more.

## **Contemporaneous**

For the **contemporaneous written acknowledgment** to be considered **contemporaneous**, a donor must receive the acknowledgment on or before the earlier of:

- the date on which the donor files the donor's individual federal income tax return for the year of the contribution; or
- the due date (including extensions) of such return.



Charities typically send written acknowledgments to donors no later than January 31 of the year following the donation.

## **Goods and Services**

A **contemporaneous written acknowledgment** must describe and include a good faith estimate of the fair market value of any **goods or services** a charitable organization gives to the donor in exchange for the donor's contribution that is valued at \$250 or more. Generally, a donor's deduction for a contribution to an organization is limited to the fair market value of the contribution minus the fair market value of the goods and services the donor receives from the organization in exchange for the contribution.

**Goods or services** include cash, property, services, benefits, or privileges. However, there are important exceptions:

**Token Exception** – Goods or services that have insubstantial value that a charitable

organization provides in exchange for contributions do not have to be described in the contemporaneous written acknowledgment.

Good and services are considered to be of insubstantial value if the payment the donor makes occurs in the context of a fundraising campaign, the charitable organization informs the donor as to the amount of the payment that is a deductible contribution, and:

1. the fair market value of the goods and services the donor receives does not exceed the lesser of 2 percent of the donor's payment or \$125,\* or
2. donor's payment is at least \$62.50,\* the only goods or services the charitable organization provides bear the organization's name or logo (for example, calendars, mugs, or posters), and the cost of these items, in the aggregate, is within the limit for "low-cost articles," which is \$12.50.\*

Low-cost articles a charitable organization sends for free to taxpayers who have not ordered these articles are also considered to be of insubstantial value; examples include mailing labels or greeting cards.

**Example of a Token Exception:** If a charitable organization gives a coffee mug bearing its logo that costs the organization \$12.50 or less to a donor who contributes \$62.50 or more, the organization may state that no goods or services were provided in return for the contribution. The contribution is fully deductible.

**Membership Benefits Exception** – An annual membership benefit is also considered to be insubstantial if it is provided in exchange for an annual payment of \$75 or less and consists of annual recurring rights or privileges, such as:

1. free or discounted admissions to the charitable organization's facilities or events

2. discounts on purchases from the organization's gift shop
3. free or discounted parking
4. free or discounted admission to member-only events sponsored by the organization, where a per- person cost (not including overhead) is within the "low-cost articles" limits

\*The dollar amounts are for 2023. Guideline amounts are adjusted for inflation. See IRS.gov for annual inflation adjustment information.

## **Example of a Membership Benefits**

**Exception:** If a charitable organization offers a \$75 annual membership that allows free admission to all of its weekly events, plus a \$20 poster, the contemporaneous written acknowledgment need only mention the \$20 value of the poster, since the free admission would be considered insubstantial and, therefore, would be disregarded.

## **Intangible Religious Benefits Exception –**

If a religious charitable organization provides only “intangible religious benefits” to a donor, the contemporaneous written acknowledgment does not need to describe or value those benefits. It can simply state that the organization provided intangible religious benefits to the donor.

What are “intangible religious benefits”?

Generally, they are benefits provided by a charitable organization organized exclusively for religious purposes, and are not usually sold in commercial transactions outside a

donative (gift) context. Examples include admission to a religious ceremony and a de minimis tangible benefit, such as wine used in a religious ceremony. Benefits that are not intangible religious benefits include education leading to a recognized degree, travel services, and consumer goods.

# Services and Unreimbursed Expenses

Generally, donors cannot deduct the value of services donors give to a charitable organization. Under some narrow circumstances, however, donors may be able to deduct unreimbursed expenses associated with the services donors give to a charitable organization. See [Publication 526](#) for a description of these circumstances and the substantiation requirements.

If a donor makes a single contribution valued at \$250 or more in the form of unreimbursed expenses, then the donor must obtain a **contemporaneous written acknowledgment** from the charitable organization containing a:

- description of the services provided by the donor

- statement of whether the charitable organization provided goods or services in return for the unreimbursed expenses
- description and good faith estimate of the fair market value of goods or services, if any, that the organization provided in return for the unreimbursed expenses
- statement that goods or services, if any, that the organization provided in return for the unreimbursed expenses consisted entirely of **intangible religious benefits** (described earlier in this publication), if that was the case

**Example of an Unreimbursed Expense:** A chosen representative to an annual convention of a charitable organization purchases an airline ticket to travel to the convention. The organization doesn't reimburse the delegate for the \$500 ticket. The representative should keep a record of the expenditure, such as a copy of the ticket. The representative should obtain from the



organization a description of the services that the representative provided and a statement as to whether the representative received goods or services in accordance with the requirements set forth above.

## **Examples of Contemporaneous Written Acknowledgments**

- “Thank you for your cash contribution of \$300 that (organization’s name) received on December 12, 2015. No goods or services were provided in exchange for your contribution.”
- “Thank you for your cash contribution of \$350 that (organization’s name) received on May 6, 2015. In exchange for your contribution, we gave you a cookbook with an estimated fair market value of \$60.”
- “Thank you for your contribution of a used oak baby crib and matching dresser that (organization’s name) received on March

15, 2015. No goods or services were provided in exchange for your contribution.”

The following is an example of a contemporaneous written acknowledgment when a charitable organization accepts contributions in the name of one of its activities:

- “Thank you for your contribution of \$450 to (organization’s name) made in the name of its Special Relief Fund program. No goods or services were provided in exchange for your contribution.”

# Written Disclosure Statement Requirement

Donors may only take a contribution deduction to the extent that their contributions exceed the fair market value of the goods or services the donors receive in return for the contributions; therefore, donors need to know the value of the goods or services. An organization must provide a written disclosure statement to a donor who makes a payment exceeding \$75 partly as a contribution and partly for goods and services provided by the organization. A contribution made by a donor in exchange for goods or services is known as a **quid pro quo contribution**.

A required written disclosure statement must:

- inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the

excess of money (and the fair market value of property other than money) contributed by the donor over the value of goods or services provided by the organization

- provide the donor with a good faith estimate of the fair market value of the goods or services

An organization must furnish a disclosure statement in connection with either the solicitation or the receipt of the quid pro quo contribution. The statement must be in writing and must be made in a manner that is likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

## **Exception**

A written disclosure statement is not required:

- where the goods or services given to the donor meet the “token exception,” the “membership benefits exception” or the “intangible religious benefits exception” described earlier
- where there is no donative element involved in a particular transaction, such as in a typical museum gift shop sale

## **Penalty**

A penalty is imposed on charities that do not meet the written disclosure requirement. The penalty is \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. An organization may avoid the penalty if it can show that failure to meet the requirements was due to reasonable cause.

## **Further Information**

**recordkeeping rules** – Recordkeeping rules for monetary contributions are contained in Section 170(f)(17) of the Internal Revenue Code and Section 1.170A-15 of the Income Tax Regulations.

**contemporaneous written acknowledgment** – Detailed rules for contemporaneous written acknowledgments are contained in Section 170(f)(8) of the Internal Revenue Code and Section 1.170A-13(f) of the Income Tax Regulations. The “low-cost article” rules are in Code Section 513(h)(2).

**written disclosure statement** – Detailed rules for written disclosure statements are contained in Section 6115 of the Internal Revenue Code and Section 1.6115-1 of the Income Tax Regulations. The penalty rules are contained in Section 6714 of the Internal Revenue Code.

**IRS publications** – Order publications by calling the IRS at (800) 829-3676. Download IRS publications at [www.irs.gov](http://www.irs.gov).

**IRS customer service** – Telephone assistance for general tax information is available by calling IRS customer service toll-free at (800) 829-1040.

**EO customer service** – Telephone assistance specific to exempt organizations is available by calling IRS Exempt Organizations customer account services toll-free at (877) 829-5500.

**EO website** – Visit Exempt Organizations website at [irs.gov/eo](http://irs.gov/eo).

**EO Update** – Subscribe to IRS Exempt Organizations' [EO Update](#), a regular email newsletter with information for tax-exempt organizations and tax practitioners who represent them.

[StayExempt](#) – An IRS interactive web-based training program covering tax compliance issues confronted by small and mid-sized tax-exempt organizations.

