The following section summarizes the tax implications and recording procedures for charitable contributions. For additional information, see here.

108.1 Contributions of Clothing and Household Items

Contributions of clothing and household items are subject to the following procedures.

**Procedures:**

A) Parishes and schools must file IRS Form 8282, Donee Information Return, if they sell or dispose of donated items valued at more than $500 within three years after they received the donation, unless the item was consumed or distributed for charitable purposes (except for donations of jewelry and gems, collections, paintings, antiques, and other objects of fine arts). See IRS publication 561, Determining the Value of Donated Property, available here, for more information on such donations.

B) Parishes and Schools should not accept donations that cannot be sold or used by the organization in its charitable programs.

C) Parishes and schools that accept donations of clothing, household items, and other tangible property should advise donors that they may wish to seek advice from a tax advisor regarding the deductibility of such donations.

D) Donors who contribute a single piece of clothing or household item that is not in good used condition or better for which a deduction of more than $500 is claimed must file a qualified appraisal of the donated item with their tax returns.

E) Taxpayers who claim deductions for non-cash contributions totaling more than $500 must submit a copy of IRS Form 8283, Noncash Charitable Contributions, with their tax returns.

F) Parishes and schools should monitor and be aware of requirements issued by the Treasury Department regarding procedures for accepting donated household and clothing items and the receipts that parishes and schools must provide to donors for such items.

108.2 Substantiation of Cash Contributions:

Parishes and Schools should be aware of the following tax procedures and requirements for cash contributions.

**Procedures:**

A) Donors who itemize deductions on their annual income tax returns must have a bank
record (e.g., a canceled check or credit card statement) or a receipt or other written communication from the parish or school to substantiate any cash contributions. The parish or school’s communication, such as a receipt or a letter, must indicate the name of the parish or school, the date of the contribution, and the amount of the contribution. In addition, the Parish should ensure that their donor letters include the proper IRS wording that “no goods or services were provided in exchange for your contribution” and the letters should be signed by the Pastor or have the Pastor’s name typed visibly within the text of the letter.

B) A donor can deduct a contribution of $250 or more only if the donor has a written acknowledgement from the parish or school.

C) Parishes and schools are required by law to provide documentation to donors for gifts of $75 or more if they provide a return benefit to the donor (such as a meal or token gift). These types of donations, referred to as “quid pro quo” donations, represent payments to a qualified organization made partly as a charitable contribution and partly as compensation for goods or services received.

D) Quid pro quo donations are potentially tax deductible to the donor only to the extent by which the contribution exceeds the fair market value of goods or services received. Quid pro quo disclosure statements must:

- Indicate the amount of the donation that is deductible for federal income tax purposes, noting that the deduction 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 parish or school.
- Provide the donor with a description and good faith estimate of the value of the goods or services that the donor received.
- Disclosure statements do not need to be provided when goods or services provided to a donor have “insubstantial value” or represent an “intangible religious benefit.”

The parish or school may be subject to a penalty for the failure to make the required disclosure of a quid pro quo contribution.

108.3 Appraisal for Valuations of Certain Donated Property:

Parishes and Schools should be aware of the following tax requirements for valuations of certain donated property.

Procedures:

A) Taxpayers who claim deductions for certain property (including works of art) valued at $5,000 or more are subject to more stringent appraisal requirements to substantiate the value of the property.

B) While these rules do not directly affect charitable organizations that receive such gifts, parishes and schools may wish to advise their donors of these rules and encourage them to consult their own tax and legal advisors to determine the appropriate actions required to substantiate a claim for tax deductions.
108.4 Contributions of Services:

Donations of services (e.g., legal, accounting, general contracting services) are not deductible, except for unreimbursed out-of-pocket expenses related to such services (e.g., materials, supplies), as long as the donor maintains adequate records to substantiate the amounts paid and, for expenses totaling in excess of $250, receives an acknowledgment from the parish or school similar to the one provided for other contributions, but with a description of the services provided.

108.5 Communications to Parishioners/Donors:

Parishioners and other donors should be generally apprised of these charitable giving regulations and urged to contact their tax and/or legal professionals regarding the tax implications and reporting obligations of specific donations. Under no circumstances should the parish or school represent that it is providing tax or legal advice regarding a charitable contribution.

108.6 Documentation for Restricted Gifts

The Parish should obtain and retain documentation from the donor for any restricted gifts; otherwise, the donation should be posted to account #4220- Donation, Gift and Bequest Income. Restricted gifts must be for a specific purpose (i.e. purchase boiler, new roof, etc.) and not be for operating needs and the restriction must be specifically stated by the donor in writing.