



ACKNOWLEDGING CHARITABLE DONATIONS

Revised February 2007

Tax law changes enacted under the Pension Protection Act of 2006 have an impact on tax deductions for charitable contributions. Under this provision, a donor cannot claim a tax deduction for any contribution of cash, a check, or other monetary gift made on or after January 1, 2007 unless the donor maintains a record of the contribution in the form of either a bank record (such as a cancelled check) or a written communication from the charity (such as a receipt or letter) showing the name of the charity, the date of the contribution, and the amount of the contribution.

While the new law does not change the prior-law requirement that a taxpayer receive an acknowledgement from a charity for each deductible donation (either money or property) of \$250 or more, an organization can assist a donor by providing a written acknowledgement for *any* donation level. Without a written acknowledgement from the organization, the donor cannot claim the tax deduction unless they have a bank record. The 4-H entity receiving the donation would be responsible for providing the written acknowledgement to the donor.

Written Acknowledgement

The written acknowledgement should include the following information:

1. name of organization
2. amount of cash contribution
3. description (but not the value) of non-cash contribution*
4. statement that no goods or services were provided by the organization in return for the contribution, if that was the case
5. description and good faith estimate of the value of goods and services, if any, that an organization provided in return for the contribution+

Note: It is not necessary to include either the donor's social security number or tax identification number on the acknowledgement.

** Provide a description of the property donated. Valuation of a noncash donation is the responsibility of the donor, in consultation with the donor's tax advisor and individuals qualified to appraise items of this nature. It is not appropriate for a 4-H group, staff member, or volunteer to place a value on items donated.*

+ If the donor received something of value in return for their contribution (such as a meal or gift), the acknowledgment of the contribution should specify the donation or purchase amount, and an estimate of the value of the goods or services received..

Form of Acknowledgement

There are no IRS forms for the acknowledgement. The acknowledgement can be in the form of a letter, postcard, computer-generated form, or e-mail. The acknowledgement can be provided to the donor as a paper copy or electronically.

Examples of Written Acknowledgements

- "Thank you for your cash contribution of \$300 that the _____ County Happy Worker's 4-H club received on December 12, 2007. No goods or services were provided in exchange for your contribution."
- "Thank you for your cash contribution of \$350 that the _____ County 4-H Leader's Association received on May 6, 2007. In exchange for your contribution, you received a cookbook with an estimated fair market value of \$30."
- "Thank you for your contribution of \$450 to the _____ County 4-H Leader's Association made in the name of its *International Programs* fund. No good or services were provided in exchange for your contribution."
- "Thank you for your contribution of two used sewing machines that the Johnson Street 4-H Afterschool 4-H Club received on March 15, 2007. No goods or services were provided in exchange for your contribution."

For More ..

- As determined by the Internal Revenue Service (IRS), 4-H clubs and affiliated 4-H organizations are exempt from Federal income tax under provisions of the Internal Revenue Service (IRS) code. A National 4-H Headquarters Fact Sheet, "Tax Exemption Status of 4-H Clubs and Affiliated 4-H Organizations" provides additional information: http://www.national4-headquarters.gov/library/4h_polregs.htm.
- IRS Publication 1771, "Charitable Contribution Substantiation and Disclosure Requirements" explains the federal tax law for organizations such as charities and churches that receive tax-deductible charitable contributions and for taxpayers who make contributions: <http://www.irs.gov/>
- It is important to carefully assess when a purchaser is making a contribution to 4-H and when they are making a non-tax deductible purchase. A National 4-H Headquarters Fact Sheet, "Appropriate Use of the 4-H Name and Emblem in Regards to Livestock Sales, Auctions, and Similar Events" points out that a contribution or purchase designated to a specific individual for a 4-H activity is treated as an individual gift and is not tax-deductible: http://www.national4-headquarters.gov/library/4h_polregs.htm.
- Individual taxpayers should refer to IRS publication 526, "Charitable Contributions" for information on how to claim a deduction for charitable contributions: <http://www.irs.gov/>



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