2023

Instructions for Form 990 Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Volume 9 of 9

Department of the Treasury
Internal Revenue Service

Instructions for Form 990 (Rev. 2023) Catalog Number 47733E
Department of the Treasury **Internal Revenue Service** www.irs.gov

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Appendix J. Contributions

This Appendix discusses certain federal tax rules that apply to exempt organizations and donors for contributions. See also Pub. 526, Charitable Contributions; and Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements.

Schedule B (Form 990). Many organizations that file Form 990, 990-EZ, or 990-PF must file Schedule B to report on tax-deductible and non-tax-deductible contributions. See Schedule B and its instructions to determine whether Schedule B must be filed, and for the public inspection rules applicable to that form.

Solicitation of nondeductible contribution. See the instructions for Form 990, Part V, lines 6a and 6b, for rules on public notice of nondeductibility when soliciting nondeductible contributions.

Keeping fundraising records for tax-deductible contributions. A section 501(c) organization that is eligible to receive tax-deductible contributions under section 170(c) must keep sample copies of its fundraising materials, such

as:

- Dues statements,
- Fundraising solicitations,
- Tickets,
- Receipts, or
- Other evidence of payments received in connection with fundraising activities.

IF...	THEN...
the organization advertises its fundraising events	it must keep samples of the advertising copy.
the organization uses radio, television, or Internet to solicit contributions	it must keep samples of scripts, transcripts, printouts of emails and web pages, or other evidence of solicitations in the media.
the organization uses outside fundraisers	it must keep samples of the fundraising materials used by the outside fundraisers.

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For each fundraising event, the organization must keep records to show the portion of any payment received from patrons that isn't deductible, that is, the retail value of the goods or services received by the patrons. See *Disclosure statement for quid pro quo contributions*, later.

Noncash contributions. ***Form 990 schedules.*** An organization may be required to file Schedule M to report certain noncash (property) contributions; see the instructions for Schedule M on who must file. Also, an organization that files Schedule B must report certain information on noncash contributions.

Dispositions of donated property. If an organization receives a charitable contribution of property and within 3 years sells, exchanges, or otherwise disposes of the property, the organization may need to file Form 8282, Donee Information Return. See Form 990, Part V, lines 7c and 7d.

Donated property over $5,000. If the organization received from a donor a partially completed Form 8283, Noncash Charitable Contributions, the donee organization should generally complete the Form 8283 and return it so the donor can get a charitable contribution deduction. The organization should keep a copy for its records. See Form 8283 for more details.

Qualified intellectual property. An organization described in section 170(c) (except a private foundation) that receives or accrues net income from a qualified intellectual property contribution must file Form 8899, Notice of Income From Donated Intellectual Property. See Form 990, Part V, line 7g. The organization must file Form 8899 for any tax year that includes any part of the 10-year period beginning on the date of contribution but not for any tax years in which the legal life of the qualified intellectual property has expired or the property failed to produce net income.

A donee organization reports all income from donated qualified intellectual property as income other than contributions (for example, royalty income from a patent). A donee isn't required to report as contributions on Form 990 (including statements) any of the additional deductions claimed by donors under section 170(m)(1). See Pub. 526.

Motor vehicles, boats, and airplanes. Special rules apply to charitable contributions of motor vehicles, boats, or airplanes with a claimed value of more than $500. See Form 990, Part V, line 7h; section 170(f)(12); Pub. 4302, A Charity’s Guide to Vehicle Donation; and the Instructions for Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes.

Substantiation and disclosure requirements for charitable contributions.

Recordkeeping for cash, check, or other monetary charitable gifts. To deduct a contribution of a cash, check, or other monetary gift (regardless of the amount), a donor must maintain a bank record or a written communication from the donee organization showing the donee's name, date, and amount of the contribution. See section 170(f)(17) and Regulations section 1.170A-15 for more information. In the case of a text message contribution, the donor's phone bill meets the section 170(f)(17) recordkeeping requirement of a reliable written record if it shows the name of the donee organization and the date and amount of contribution.

Acknowledgment to substantiate charitable contributions. A donee organization should be aware that a donor of a charitable contribution of $250 or more (including a contribution of unreimbursed expenses) can't take an income tax deduction unless the donor obtains the organization’s acknowledgment to substantiate the charitable contribution. See section 170(f)(8) and Regulations section 1.170A-13(f). A charitable organization that receives a payment made as a contribution is treated as the donee organization for this purpose even if the organization (according to the donor’s instructions or otherwise) distributes the amount received to one or more charities.

The organization's acknowledgment must:

1. Be written;
2. Be contemporaneous;
3. State the amount of any cash it received;
4. State:
    a. Whether the organization gave the donor any intangible religious

benefits (no valuation needed), and

b. Whether the organization gave the donor any goods or services in return for the donor's contribution (a quid pro quo contribution); and

5. Describe goods or services the organization:

a. Received (no valuation needed), and

b. Gave (good faith estimate of value needed).

If the organization accepts a contribution in the name of one of its activities or programs, then indicate the organization's name in the acknowledgment as well as the program's name. For example: "Thank you for your contribution of $300 to (organization's name) made in the name of our Special Relief Fund program. No goods or services were provided in exchange for your contribution."

Similarly, if a domestic organization owns and controls a domestic disregarded entity, and the disregarded entity receives a contribution, then indicate the organization's name in the acknowledgment as well as the relationship with the disregarded entity. For example: “Thank you for your contribution of $300 to (organization's name) made in the name of (name of disregarded entity), which is treated as a disregarded entity of (organization's name) for federal tax purposes. No goods or services were provided in exchange for your contribution.” See Notice 2012-52, 2012-35 I.R.B. 317.

Exception. The written acknowledgment need not include a good faith estimate of value for goods or services given to the donor if they are:

1. Goods or services with insubstantial value,
2. Certain membership benefits,

3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership, or
4. Intangible religious benefits.

These exceptions are defined below.

Disclosure statement for quid pro quo contributions. If the organization receives a quid pro quo contribution of more than $75, the organization must provide a disclosure statement to the donor. See section 6115.

The organization’s disclosure statement must:

1. Be written;
2. Estimate in good faith the value of the organization’s goods or services given in return for the donor’s contribution;
3. Describe, but need not value, certain goods or services given to the donor’s employees or partners; and

4. Inform the donor that a charitable contribution deduction is limited as follows.

Donor’s contribution **Less**

The organization’s money, goods, and

services given in return **Equals**

Donor’s deductible charitable contribution.

Exceptions. No disclosure statement is required if the organization gave only:

1. Goods or services with insubstantial value,
2. Certain membership benefits,
3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership, or
4. Intangible religious benefits.

These exceptions are defined below. See also Regulations sections 1.170A-1, 1.170A-13, and 1.6115-1.

Certain goods or services disregarded for substantiation and disclosure purposes.

Goods or services with insubstantial value. Generally, under section 170, the deductible amount of a contribution is determined by taking into account the **FMV**, not the cost to the charity, of any benefits that the donor received in return. However, the cost to the charity may be used in determining whether the benefits are insubstantial. See *Cost basis* next.

Cost basis. If a taxpayer makes a payment of $62.50 or more to a charity and receives only token items in return, the items have insubstantial value if they:

- Bear the charity’s name or logo, and

- Have an aggregate cost to the charity of $12.50 or less (low-cost article amount of section 513(h)(2)).

FMV basis. If a taxpayer makes a payment to a charitable organization in a fundraising campaign and receives benefits with an **FMV** of not more than 2% of the amount of the payment, or $125, whichever is less, the benefits received have insubstantial value in determining the taxpayer’s contribution.

CAUTION *The dollar amounts given above are applicable to tax year 2023 under Rev. Proc. 2022-38, 2022-45 I.R.B. 1, section 3.34. They are adjusted annually for inflation.*

When a donee organization provides a donor only with goods or services having insubstantial value under Rev. Proc. 2022-38 (and any successor documents), the contemporaneous written acknowledgment may indicate that no goods or services were provided in exchange for the donor’s payment.

Certain membership benefits. Other goods or services that are disregarded for substantiation and disclosure purposes are annual membership benefits offered to a taxpayer in exchange for a payment of $75 or less per year that consist of:

1. Any rights or privileges that the taxpayer can exercise frequently during the membership period such as:
    a. Free or discounted admission to the organization's facilities or events, or
    b. Free or discounted parking; or
2. Admission to events that are:
    a. Open only to members, and
    b. Within the low-cost article limitation, per person.

Example 1. E offers a basic membership benefits package for $75. The package gives members the right to buy tickets in advance, free parking, and a gift shop discount of 10%. E's $150 preferred membership benefits package also includes a $20 poster. Both the basic and preferred membership packages are for a 12-month period and include about 50 productions. E offers F, a patron of the arts, the preferred membership benefits in return for a payment of $150 or more. F accepts the preferred membership benefits package for $300. E's written acknowledgment satisfies the substantiation requirement if it describes the poster, gives a good faith estimate of its **FMV** ($20), and disregards the remaining membership benefits.

Example 2. In *Example 1*, if F received only the basic membership package for its $300 payment, E's acknowledgment need state only that no goods or services were provided.

Example 3. G Theater Group performs four plays. Each play is performed twice. Nonmembers can purchase a ticket for $15. For a $60 membership fee, however, members are offered free admission to any of the performances. H makes a payment of $350 and accepts this membership benefit. Because of the limited number of performances, the membership privilege can't be exercised frequently. Therefore, G’s acknowledgment must describe the free admission benefit and estimate its value in good faith.

Certain goods or services provided to donor’s employees or partners. Certain goods or services provided to employees of donor organizations or partners of donor partnerships may be disregarded for substantiation and disclosure purposes. Nevertheless, the donee organization's disclosure statement must describe the goods or services. A good faith estimate of value isn't needed.

Example. Museum J offers a basic membership benefits package for $40. It includes free admission and a 10% gift shop discount. Corporation K makes a $50,000 payment to J and in return, J offers K’s employees free admission, a T-shirt with J’s logo that costs J $4.50, and a 25% gift shop discount. Because the free admission is a privilege that can be exercised frequently and is offered in both benefit packages, and the value of the T-shirts is insubstantial, Museum J's disclosure statement need not value or mention the free admission benefit or the T-shirts. However, because the 25% gift shop discount to K’s employees differs from the 10% discount offered in the basic membership benefits package, J's disclosure statement must describe the 25% discount, but need not estimate its value.

Definitions

Substantiation. It is the responsibility of the donor:

- To value a donation, and
- To obtain an organization's written acknowledgment substantiating the donation.

There is no prescribed format for the organization's written acknowledgment of a donation. Letters, postcards, or computer-generated forms may be acceptable. The acknowledgment must, however, provide sufficient information to substantiate the amount of the deductible contribution. The organization may either:

- Provide separate statements for each contribution of $250 or more, or
- Furnish periodic statements substantiating contributions of $250 or more.

Separate contributions of less than $250 aren't subject to the requirements of section 170(f)(8), whether or not the sum of the contributions made by a taxpayer to a donee organization during a tax year equals $250 or more.

Contemporaneous. A written acknowledgment is contemporaneous if the donor obtains it on or before the earlier of:

- The date the donor files the original return for the tax year in which the contribution was made, or
- The due date (including extensions) for filing the donor's original return for that year.

Substantiation of payroll contributions. An organization may substantiate an employee's contribution by deduction from its payroll by:

- A pay stub, Form W-2, or other document showing a contribution to a donee organization, together with
- A pledge card or other document from the donee organization that shows its name. For contributions of $250 or more, the document must state that the donee organization provides no goods or services for any payroll contributions.

The amount withheld from each payment of wages to a taxpayer is treated as a separate contribution.

Substantiation of matched payments. If a taxpayer's payment to a donee organization is matched by another payor, and the taxpayer receives goods or services in consideration for its payment and some or all of the matching payment, those goods or services will be treated as provided in consideration for the taxpayer's payment and not in consideration for the matching payment. ***Disclosure***

statement. An organization must provide a written disclosure statement to donors who make a quid pro quo contribution in excess of $75 (section 6115). This requirement is separate from the written substantiation acknowledgment a donor needs for deductibility purposes. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

Quid pro quo contribution. A quid pro quo contribution is a payment that is made both as a contribution and as a payment for goods or services provided by the donee organization.

Example. A donor gives a charity $100 in consideration for a concert ticket valued at $40 (a quid pro quo contribution). In this example, $60 would be deductible. Because the donor’s payment exceeds $75, the organization must furnish a disclosure statement even though the taxpayer’s deductible amount doesn't exceed $75. Separate payments of $75 or less made at different times of the year for separate fundraising events won't be aggregated for purposes of the $75 threshold.

Good faith estimate. An organization may use any reasonable method in making a good faith estimate of the value of goods or services provided by that organization in consideration for a taxpayer’s payment to that organization. A good faith estimate of the value of goods or services that aren't generally available in a commercial transaction may be determined by reference to the **FMV** of similar or comparable goods or services. Goods or services may be similar or comparable even though they don't have the unique qualities of the goods or services that are being valued. ***Goods or services.*** Goods or services include:

- Cash,
- Property,
- Services,
- Benefits, and
- Privileges.

In consideration for. A donee organization provides goods or services in consideration for a taxpayer's payment if, at the time the taxpayer makes the payment to the donee organization, the taxpayer receives, or expects to receive, goods or services in exchange for that payment.

Goods or services a donee organization provides in consideration for a payment by a taxpayer include goods or services provided in a year other than the year in which the donor makes the payment to the donee organization.

Intangible religious benefits. Intangible religious benefits are provided only by organizations organized exclusively for religious purposes. Examples include:

- Admission to a religious ceremony; and
- De minimis tangible benefits, such as wine provided in connection with a religious ceremony.

Penalties. A charity that knowingly provides a false substantiation acknowledgment to a donor may be subject to the penalties under section 6701 and/or section 7206(2) for aiding and abetting an understatement of tax liability.

Charities that fail to provide the required disclosure statement for a quid pro quo contribution of more than $75 will incur a penalty of $10 per contribution, not to exceed $5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause (section 6714).

Appendix K. Reporting Information for Section 501(c)(21) Black Lung Trusts

For tax years beginning before January 1, 2021, section 501(c)(21) black lung trusts that could not use Form 990-N, e-Postcard (see *Who Must File*, earlier), used Form 990-BL to meet the reporting requirements of section 6033. A section 501(c)(21) black lung trust, trustee, or disqualified person liable for section 4951 or 4952 excise taxes also used Form 990-BL to report and pay those taxes.

For tax years beginning after December 31, 2020, section 501(c)(21) trusts will use Form 990 instead of Form 990-BL to meet section 6033 reporting requirements. A section 501(c)(21) black lung trust, trustee, or disqualified person liable for section 4951 or 4952 excise taxes will use Form 6069 to report and pay sections 4951 and 4952 excise taxes.

In general, a section 501(c)(21) trust will complete Form 990 in the same manner as any other organization required to file Form 990, including (without limitation) schedules or forms identified upon completion of Part IV, Checklist of Required Schedules; or Part V, Statements Regarding Other IRS Filings and Tax Compliance.

The following chart is intended to help section 501(c)(21) black lung trusts identify some of the key lines on Form 990 that correspond with certain lines of Form 990-BL, especially a heading block item and in Part I.

Section 501(c)(21) Black Lung Trusts

Form 990-BL		Form 990	
Heading Area	**FMV** of the trust's assets at the beginning of the operator's tax year within which the trust's tax year begins.	Part X, Balance Sheet	Check the box at the top of Part X and include a note on Schedule O (Form 990) providing the FMV at the beginning of the operator's year within which the trust's year begins.
Part I, Analysis of Revenue and Expenses, Line 1	Contributions received under section 192 from the coal mine operator who established the trust.	Part VIII, Statement of Revenue, Line 1f	Enter the total contributions received under section 192 from the coal mine operator who established the trust.
Part I, Analysis of Revenue and Expenses, Lines 2a and 2b	Interest on securities of the U.S., state, and local governments, described in section 501(c)(21)(D)(ii).	Part VIII, Statement of Revenue, Line 3	Investment income (including dividends, interest, and other similar amounts).

Part I, Analysis of Revenue and Expenses, Line 4	Contributions to the Federal Black Lung Disability Trust Fund.	Part IX, Statement of Functional Expenses, Line 1	Grants and other assistance to domestic organizations and domestic governments. (Detail reported on Schedule I (Form 990).)
Part I, Analysis of Revenue and Expenses, Line 5	Premiums for insurance to cover liabilities described in section 501(c)(21)(A)(i)(I).		
Part I, Analysis of Revenue and Expenses, Line 6	Other payments to or for the benefit of eligible coal miners, retired miners, or beneficiaries.	Part IX, Statement of Functional Expenses, Line 2	Grants and other assistance to domestic individuals. (Detail reported on Schedule I (Form 990).)

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