

IRS News Release

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New Guidelines for Payroll Deduction Contributions to Charities

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WASHINGTON — The Internal Revenue Service announced today new guidelines for taxpayers to follow to substantiate donations to charities that were made by payroll deductions.

"This makes it easier for businesses and individuals to support worthwhile charities without fear of losing the deduction," said IRS Commissioner Mark W. Everson.

Notice 2006-110 explains how a taxpayer who makes charitable contributions by payroll deductions can meet the new recordkeeping requirements. The taxpayer should retain a pay stub, Form W-2, or other document furnished by the employer that shows the total amount withheld for payment to charity, along with the pledge card that shows the name of the charity.

The recently enacted Pension Protection Act of 2006 changed the recordkeeping requirements for taxpayers claiming deductions for cash contributions to charities, including contributions made by payroll deductions. For calendar year taxpayers, the new rules apply to contributions made beginning in 2007.

For federal workers, the notice specifically provides that a pledge card with the name of a Combined Federal Campaign will meet the new requirements.

Notice 2006-110 will appear in Internal Revenue Bulletin 2006-51 on Dec. 18, 2006, and is available on IRS.gov.

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