



IRS

IRS
Nationwide

TaxFORUM

With Charity for All— With Deductions for Some

Presented by:

Frank Degen, EA, USTCP,

Karen Brosi, EA, or Claudia Hill, EA, MBA

on behalf of the

National Association of Enrolled Agents



NAEA

POWERING AMERICA'S TAX EXPERTS

NATIONAL ASSOCIATION
OF ENROLLED AGENTS



Charity Begins at Home

- §170 allows deductions for charitable contributions made w/in taxable year
- Not every “charitable” gift qualifies for a §170 deduction



Charity may be Boundless...

- ...but §170 deductions are limited
 - generally to 50 percent of contribution base
 - CB is AGI computed w/o regard to NOL carryback
 - other limitations
 - 30 percent
 - 20 percent



Recipients Must be Qualified

- Generally § 501(c)(3) organizations qualify
 - important exception
 - §501(c)(19) organization
 - but what's that?



What About Charity to Individuals?

- No matter how worthy an individual may be, a contribution is not deductible if any part of it inures to him/her
- Congress may make exceptions
 - 2015: Slain Officer Family Support Act



What About Direct IRA Transfers?

- PATH Act of 2015 made permanent
 - taxpayer must be at least 70 ½
 - maximum of \$100k
- Question:
 - t/p wants to gift IRA @ in-person ceremony.
 May a check be issued to t/p for this purpose?





The Devil is in the Details

- Regulations usually parallel with IRC section
- §170 regulations are located under 170A



Two Important § 170 Details

- §170(f)(17): requires substantiation for cash contributions of any amount
- §170(f)(8): requires contemporaneous acknowledgement for gifts \geq \$250



What About Non-US Contributions?

- Contributions to organizations outside the U.S. generally not deductible
- Three (3) tax treaty exceptions exist
- Question: which three countries?





Pop Quiz: Warm-up

- On the following slides, for TY15 what's the charitable contribution for each taxpayer?
- Note: no special elections have been made





Pop Quiz: Question 1

- On December 31, 2015, Angela:
 - mails \$75 check to H4H; check clears bank Jan. 7, 2016
 - makes online \$50 contribution to DwoB; pays credit card Mar. 22, 2016
 - makes \$100 pledge to church building fund; pays pledge Feb. 25, 2016



Pop Quiz: Question 2

- Barry is a Florida State graduate and he:
 - Wrote a \$500 check in May 2015
 - For the *right* to buy Seminole premium season football tickets
 - Tickets purchased separately





Pop Quiz: Question 3

- Carlos:
 - only TY15 income is \$60k (on Form W-2)
 - wrote \$100 checks on Apr. 20, 2015:
 - Mexican Red Cross
 - American Red Cross
 - Peruvian Red Cross





Pop Quiz: Question 4

- DeMarco owns a vacation home:
 - occasionally rents for \$1,500/week
 - donated a week in June 2015 to church auction
 - winning bid: \$1,800



Pop Quiz: Question 5

- Elena:
 - hosted Nigerian student for month of May
 - placed by Elena's church
 - out-of-pocket costs: \$140





IRS
Nationwide

TAX FORUM



Pop Quiz: Question 6

- Elena:
 - hosted 2nd student for 21 days in June
 - same facts, out-of-pocket costs: \$120

NAEA

POWERING AMERICA'S TAX EXPERTS

NATIONAL ASSOCIATION
OF CERTIFIED ACCOUNTANTS

Pop Quiz: Question 7

- Fred's AGI is \$40k:
 - In August 2015, donated stock to Iona
 - Purchased four years ago for \$4k
 - FMV = \$20k date of donation



Pop Quiz: Question 8

- Giovanni purchases sculpture:
 - April 2015 yard sale purchase price = \$450
 - September 2015 discovers FMV = \$4,500
 - contributes to local museum
 - museum plans to display sculpture



Pop Quiz: Question 9

- Hermosa and the feral cats:
 - out-of-pocket expenses while volunteering
 - payments directly to 3rd parties, not org., and made incident to rendition of services
 - \$140 food
 - \$80 supplies
 - \$425 veterinarian (neutering)





IRS

IRS
Nationwide

TaxFORUM

Wrap-Up

- Sponsored by:
National Association of Enrolled Agents
--Powering America's Tax Experts--
 - T: 202/822-NAEA (6232)
 - E: info@naea.org
 - W: www.naea.org

NOTE: Code citations available at NAEA's booth!



NAEA

NATIONAL ASSOCIATION
OF ENROLLED AGENTS

POWERING AMERICA'S TAX EXPERTS