



IRS Nationwide TaxForum | 2017

Charitable Contribution Supporting Documents: How Much Is Enough?





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Learning Objectives

- After this presentation, you will be able to:
 - Describe the required documentation for different types of contributions
 - Identify when you should review copies of your client's supporting documentation
 - Understand your due diligence obligations when preparing returns with charitable deductions



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Cash up to \$250

- Bank record or
- Written acknowledgement

- If by payroll deduction
 - Pay stub/W-2 and
 - Pledge card from organization



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Cash over \$250

- Written acknowledgement
- Name and address of organization
- Date and amount
- If multiple dates, listing allowed
- Statement that no goods or services received



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Cash over \$250

- If goods or services provided, a description and estimate of FMV
- Written acknowledgement **MUST** be contemporaneous
- That means prior to earlier of
 - Actual return filing date or
 - Due date (including extensions)



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Non-Cash up to \$250

- Receipt showing name of organization, date and location, description of property
- Maintain written records which also include FMV and your cost or basis
- For unattended drop boxes, receipt may not be required



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Non-Cash from \$250 to \$500

- In addition, must receive a written acknowledgement
- Same rules and requirements apply as for cash over \$250



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Non-Cash from \$500 to \$5,000

- All the above, plus ...
- How property obtained
- Date obtained
- Cost or other basis
- Can provide reasonable cause explanation if missing cost or date

Non-Cash over \$5,000

- All the above, plus ...
- Qualified written appraisal



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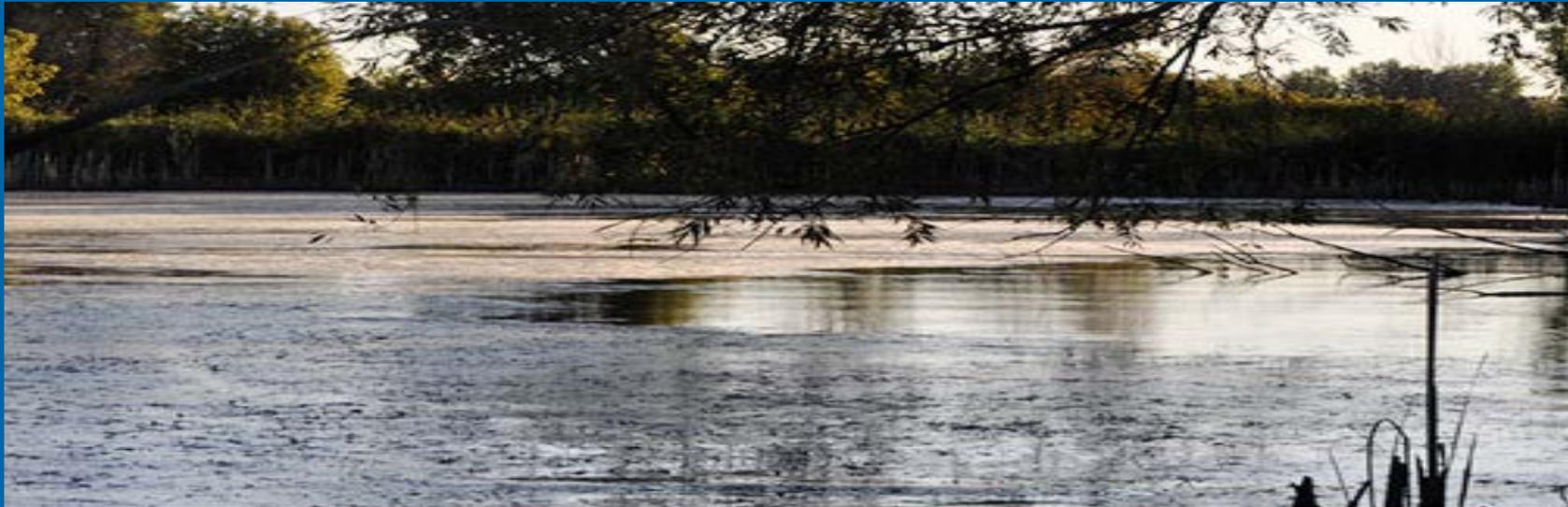
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Special Scenarios

- Qualified Conservation Easement
- Vehicles





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Due Diligence Flags

- New clients
- Same as last year clients
- Unusual amount
- Client claims “around \$X per week”
- Significant number of non-cash “drop-off” donations



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Due Diligence Actions

- Review supporting documentation
- Consider sampling if significant number
- Retain copies of supporting documents for high dollar amount donations
- Ask questions BEFORE filing return



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Stories from the Real World

Let's talk about
some recent
Tax Court cases





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IRS Resources

- Publication 526, Charitable Contributions
- Publication 561, Determining the Value of Donated Property
- Publication 1771, Substantiation and Disclosure Requirements
- Publication 4303, A Donor's Guide to Vehicle Donation



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Questions?

