



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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Dear

This letter responds to your request for information, dated July 11, 2011. In your letter, you ask about a charitable contribution for a payment to the Department of Treasury. Specifically, you ask whether you may make a contribution to pay down the public debt, and what assurances you have that the contribution will actually be used for that purpose; whether the contribution is deductible; and whether you will receive a receipt for your contribution.

As to the first part of your inquiry, under federal law, the Secretary of the Treasury may accept, for the government, a gift of money or other property to reduce the public debt. 31 U.S.C. § 3113 (2006) (enclosed). The money (or proceeds from the sale of the gift) is placed in a special account to be used to pay at maturity, or to redeem or buy before maturity, an obligation of the government included in the public debt. Thus, the law allows taxpayers to contribute to the Treasury Department to reduce the public debt and requires Treasury to dispense the account funds only for that purpose. The enclosed "Treasury Direct" FAQ web page indicates procedures for making a cash contribution to the Bureau of the Public Debt (Bureau), an agency within the Treasury Department, to reduce the public debt.

Regarding your question as to whether the contribution is deductible, § 170(a)(1) of the Internal Revenue Code allows a deduction for a charitable contribution, payment of which is made within the taxable year, if the contribution is properly verified. To claim the deduction, a taxpayer must itemize deductions on Form 1040 Schedule A. Section 170(c)(1) of the Code defines the term "charitable contribution" in part as a contribution or gift to or for use of the United States, but only if the contribution or gift is made exclusively for public purposes. The Treasury Department is within the executive branch of the Federal Government, and a payment to the Bureau to reduce the public debt is exclusively for public purposes. Therefore, a payment to the Federal Government to reduce the public debt generally is a charitable contribution.

As to the last part of your inquiry, to be deductible the payment must be properly verified. For contributions of cash, there are two requirements: Under § 170(f)(17), no deduction is allowed for a cash contribution (a contribution made by cash, check, or other monetary means) of any amount, unless the donor maintains as a record of the contribution either a bank record or a written communication from the donee. The bank record or written communication must show the name of the donee, the date of the contribution, and the amount of the contribution. A bank record includes a statement from a financial institution, an electronic transfer receipt, a canceled check, a scanned image of both sides of a canceled check obtained from a bank web site, or a credit card statement. Each separate cash contribution is subject to this recordkeeping requirement.

In addition, under § 170(f)(8), for a contribution of \$250 or more, the donor must substantiate the contribution by a contemporaneous written acknowledgment of the contribution by the donee. The written acknowledgment must include: (1) the amount of cash and a description (but not value) of any property other than cash contributed; (2) a statement as to whether the donee provided any goods or services in consideration, in whole or in part, for the contribution; and (3) a description and good faith value of any goods or services provided. An acknowledgment is considered contemporaneous if the donor obtains it on or before the earlier of the date on which the taxpayer files a return for the taxable year in which the gift contribution was made, or the due date (including extensions) for filing the return. A donor is not required under § 170(f)(8) to substantiate separate contributions of less than \$250, even if the sum of the separate contributions made during a taxable year equals or exceeds \$250. A cash contribution of \$250 or more is subject to both the recordkeeping requirement under § 170(f)(17) and the substantiation requirement under § 170(f)(8), but both requirements may be satisfied by a single document that contains all the required information.

We understand that the Bureau provides a written acknowledgment to the donor for cash contributions toward reducing the public debt. A sample of that acknowledgment is enclosed. The Bureau ordinarily provides the acknowledgment to the donor within two weeks after the Bureau receives the contribution. For cash contributions paid by electronic means, the donor uses the enclosed transmittal form, and the Bureau transmits an electronic confirmation receipt to the donor.

I hope this information is helpful to you. We also enclose Publication 526, "Charitable Contributions," for more information on charitable contributions generally. This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. See

Rev. Proc. 2012-1, § 2.04, 2012-1 IRB 1, 7. If you have any additional questions, please contact

Sincerely,

Susan J. Kassell  
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(Income Tax & Accounting)

Enclosures:

31 U.S.C § 3113

"Treasury Direct" FAQ web page

Sample acknowledgment from the Treasury Department

Sample transmittal form

Publication 526, Charitable Contributions