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CLIENT ALERT

CHARITABLE CONTRIBUTIONS

In a recent case (15 West 17th Street, LLC, 147TC-No. 19, Dec. 60,766) a \$64 million charitable contribution was disallowed because the taxpayer did NOT receive a “contemporaneous written acknowledgement” (CWA) from the charitable organization as required by the Internal Revenue Code.

The Internal Revenue Service requires that the CWA:

1. Must be received by the donor the earlier of filing your tax return or the due date of the tax return.
2. If not a cash contribution, it contains a description of what was received (but not the value). If a cash contribution, the amount of cash contributed.
3. A statement that the donee organization provided no “goods or services in consideration” of the contribution.
4. If goods or services were provided, the donee must describe what was provided to the donor and a “good faith estimate of the value” of what was provided.

As the year is coming to a close, many people, in addition to their year-round contributions, make additional year-end contributions. The above ruling highlights the importance of getting a valid and proper CWA if the amount of any contribution is \$250 or more, whether cash or property.

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Disclaimer: *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*

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