

**DIOCESE OF SIOUX CITY
PARISHES
DONATIONS**

When should a tax acknowledgement be sent for a donation?

- IRS donation letters should be sent whenever you receive a donation of \$250 or more. This requirement can be met if you send out an annual letter or statement at the end of the calendar year which includes the \$250.00 donation. It might be more practical to send a thank you letter at the time of donation.
- Be careful of donations directed to be given to a specific individual. These are not considered tax deductible and a tax letter should not be issued for these donations. Donations directed to a specific individual are not tax deductible. The parish should not manage related funds or run them through the parish income and expenses. It's preferred that family/friends to open a bank account with donations going to the bank.
- Volunteer labor is what it is – It is a gift of their time but not a donation that should be acknowledged with a tax letter.
- Unreimbursed expenses of volunteers are allowable donations and a tax letter can be issued. Please have the donor give you an invoice for these expenses.
- Grain donations – donors should be advised to consult with their tax advisors if they are considering grain donations. Tax consequences are more favorable when grain is delivered to the elevator and ownership is transferred to the parish. The parish then decides to sell the grain. If the donor delivers the grain to the elevator and directs the check to the parish, this is a cash donation. Refer to the Procedures for Grain Donations for further detail.
- Stock donations – value at the average price on the day the stock is delivered to your account. We can assist you with these transactions. See attachment.
- Other property, land, equipment donations – make sure you want the item. I.e. a junked car, a vacant lot with no value. Are there risks involved? What is the value? Greater than \$5,000 requires a certified appraisal.
- If the donor receives a benefit, indicate the net donation in the letter. For example, the ticket dinner was \$125, the meal cost was \$40, the net donation is \$85.
- Donations should be received by the school rather than through activity/extra-curricular, booster, and other school groups.
- This year or last year? Many times a gift is received at year end. The IRS requires donations to be deducted in the year the contribution was made. Acknowledgements must reflect an accurate donation date. The date on the check does not control the timing of the donation. Look at when the donation was constructively received... when did the donor give up control of the donated funds? Use good judgement! For example:
 - If postmarked December 31st or before - deductible previous year.
 - Checks dated previous year but delivered subsequent year – deductible previous year.

Refer IRS Publication 1771, Charitable Contributions for further information.

Contact Julie Mahaney (juliem@scdicoese.org) at the Diocese for sample acknowledgement letters.