



United Way of Pioneer Valley

Standard Practices for Providing Documentation on Tax Receipting

United Way of the Pioneer Valley
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The United Way of Pioneer Valley will adhere to IRS publication 1771, Charitable Contributions—Substantiation and Disclosure Requirements, unless otherwise noted and documented within.

IRS Publication 1771 explains the federal tax law for organizations such as charities and churches that receive tax-deductible charitable contributions and for taxpayers who make contributions. There are recordkeeping and substantiation rules imposed on donors of charitable contributions and disclosure rules imposed on charities that receive certain *quid pro quo* contributions.

- a donor must have a bank record or written communication from a charity for any monetary contribution before the donor can claim a charitable contribution on his/her federal income tax return,
- a donor is responsible for obtaining a written acknowledgment from a charity for any single contribution of \$250 or more before the donor can claim a charitable contribution on his/her federal income tax return,

All donors will receive a tax receipt for contributions in excess of \$250 **which is not considered a payroll deduction.**

Written Acknowledgment Requirement

A donor cannot claim a tax deduction for any single contribution of \$250 or more unless the donor obtains a contemporaneous written acknowledgment of the contribution from the United Way of Pioneer Valley. If the United Way of Pioneer Valley does not acknowledge a contribution it incurs no penalty from the IRS; but, without a written acknowledgment, the donor cannot claim the tax deduction.

Although it is a donor's responsibility to obtain a written acknowledgment, the United Way of Pioneer Valley will provide a timely, written statement containing the following information:

- I. name of organization
- II. amount of cash contribution
- III. statement that no goods or services were provided by the organization in return for the contribution, if that was the case.

It is not necessary to include either the donor's social security number or tax identification number on the tax letter.

A separate tax letter may be provided for each single contribution of \$250 or more or one acknowledgment. **The United Way of Pioneer Valley will provide one tax letter.**

Contemporaneous

United Way of Pioneer Valley will send written receipts to donors **no later than January 31** of the year following the donation. For the written receipt to be considered contemporaneous with the contribution, a donor must receive the acknowledgment by the date on which the donor actually files his or her individual federal income tax return for the year of the contribution; or the due date (including extensions) of the return.

Payroll Deductions

Upon request the United Way of Pioneer Valley will provide a tax receipt on monies received. This may conflict with what may be on an employee's payroll stub.

Example: ABC Company may deduct monies over several pay periods prior to distributing those deductions to the United Way of Pioneer Valley.

The donor should only deduct what has been "withheld and paid." The United Way of Pioneer Valley will advise the donor to consult a tax attorney if there are any questions.

The United Way of Pioneer Valley staff shall not offer tax advice. Upon receipt of an inquiry staff should advise the donor to consult with a tax attorney. The United Way of Pioneer Valley will be held liable by the IRS if any advice was provided and substantiated.