



## **INTRODUCTION**

Parishes are to use Camino, the Diocesan record-keeping system for tracking contributions by parishioner. The system must, at a minimum, provide the following information:

- Parishioner name, address, family members
- Periodic contribution amount
- Total annual contribution amount

Records should also be maintained for periodic contributions from non-parishioners and/or corporations. These records must explicitly detail any restrictions the donor has placed upon the contribution (e.g., for the purpose of repairing the parish roof). It is the responsibility of the Pastor to ensure that the parish adheres to these requirements.

## **ACKNOWLEDGEMENT OF CONTRIBUTIONS**

Parishes must provide parishioners with annual contribution statements which detail the amount contributed and indicate whether the amounts reported are tax deductible. These statements should be mailed by January 31 for the previous year's contributions.

Internal Revenue Code [Section 170\(f\)\(8\)](#) requires that, in order for a tax deduction to be allowed, an individual must receive a written acknowledgment of the contribution by the donee organization for contributions that exceed \$250. Accordingly, the parish should issue statements to donors who make gifts of \$250 or more during a calendar year. Such statements are to be issued no later than January 31 of the year following the contribution. Additionally IRC §170(f)(8)(B) requires that the statements must include at least the following information:

- The amount of cash and a description (but not value) of any property other than cash contributed, and
- Whether the donee organization provided any goods or services in consideration, in whole or in part, for any donated property, and
- A description and good faith estimate of the value of any donated goods or services or, if such goods or services consist solely of intangible religious benefits, a statement to that effect. The term "intangible religious benefit" means any intangible religious benefit which is provided by an organization organized exclusively for religious purposes and which generally is not sold in a commercial transaction outside the donative context.

It should also be noted that receipts are only necessary for contributions made by individuals. Contributions made by corporations, partnerships, estates and trusts do not require receipts.

## **TAX DEDUCTIBLE CONTRIBUTIONS**

Following is a list of contributions which are tax deductible. Please keep in mind that, under IRS requirements, it is the parish's responsibility to properly report contributions to the donor. The ultimate responsibility of tax deductibility rests with the taxpayer.

- **Parish Tithing** – Voluntary contributions received by a parish (e.g. Sunday mass contributions) are tax deductible and should be reported as such.
- **Intangible Religious Benefits** – Contributions for which the donor receives an intangible religious benefit that are not generally sold in a commercial transaction outside the parish and



should be reported as tax deductible. This includes contributions for CCD or PSR classes (but not books and materials) or sacramental fees.

- **Non-Cash Contributions** – Donations of non-cash items (e.g., clothing, appliances, etc.) are normally tax deductible. However, it is the responsibility of the taxpayer to request an acknowledgment of any non-cash donation worth more than \$250. This acknowledgment should describe the gift and not set a value on the donation.
- **Contributions for Fund Raising Events** – Contributions for fund raising events normally include some sort of good or service in return for the contribution. The value of the good or service received is not tax deductible. For example, if a parish sells tickets for \$100 to attend a fund raising dinner and the contributor receives a dinner valued at \$25, only \$75 should be reported as tax deductible. For ease of reporting, announcements or tickets for fund raising events requesting an amount in excess of \$75 should contain a declaration informing the donor of the amount of the contribution that is deductible. In the above example, the parish could print the following information on the ticket – "\$75 of your contribution is tax deductible."
- **Contribution of Stock** – These types of gifts require care in acceptance. Only "readily marketable" securities should be accepted. Readily marketable would be defined as stocks that are traded on a public stock exchange (NYSE, NASDAQ, etc.) and can easily be converted to cash. Non-readily marketable securities, private company stock, non-public debt instruments, etc. are not likely to be easily converted to cash. Their true value is often very difficult to obtain. In some instances, value can only be established using complex appraisal models. Such gifts should be carefully considered before acceptance. Stocks/bonds/marketable securities accepted as gifts should be recorded and receipted at their fair value. The fair value is the average of the HIGH and LOW price at which the stock traded on the date it was actually legally transferred into the name and possession of the parish. In order to assist the parishes, the Diocese maintains a stock gift account whereby stocks can be converted to cash at little or no cost to the parish. For transfer instructions to this account, please contact the CFO of the Diocese.

### **NON-DEDUCTIBLE DONATIONS**

Following is a list of contributions which are not tax deductible. Please keep in mind that this is not an exhaustive listing. It is important to keep in mind that any donation for which a contributor receives a benefit is generally not deductible. Additionally, any donation that is restricted by the donor for an individual person(s) or for a purpose that is not charitable in nature is also not deductible. Again, the ultimate responsibility of tax deductibility rests with the taxpayer. However, a parish must not acknowledge a gift that is known to be non-deductible.

- **School Tuition/Fees** – By definition of law, a parish-set amount which is expected from school families and may not be reported as tax deductible. Additionally, a donor may not deduct a contribution that is restricted for school tuition for a particular student or family. Please review the "Tuition Policy" in the Parish Policies & Procedures Manual for additional information.
- **Raffle Tickets** – The purchase of raffle tickets, games of chance, etc. are not tax deductible. Therefore, terms such as "donations" or "gifts" are to be avoided in all material and information pertaining to the sale of such items. To do otherwise, could infer tax deductibility.

### **GIFT ACKNOWLEDGEMENT FORM**

Most parishes simply provide a letter/statement to donors for their annual contributions. However, Appendix A provides an optional form for this purpose.



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**APPENDIX A**  
**GIFT ACKNOWLEDGEMENT FORM**

Date: \_\_\_\_\_

This acknowledgment of your contribution to \_\_\_\_\_ (Parish/School)  
is provided pursuant to Section 170(f)(8) of the Internal Revenue Code.

Name of contributor: \_\_\_\_\_

Address of contributor: \_\_\_\_\_

Date(s) of contribution: \_\_\_\_\_

Amount of cash contribution: \$ \_\_\_\_\_

Description of non-cash contribution: \_\_\_\_\_

**Check one box as appropriate:**

- The donee organization either did not provide any goods or services in whole or partial consideration for the above contribution or provided only intangible religious benefits.
  
- The donee organization provided the donor with the following goods and services in return for the above contributions:

\_\_\_\_\_

\_\_\_\_\_

The estimated value of these goods and services is \$ \_\_\_\_\_

The amount of your contribution deductible for federal income tax purposes is limited to the excess of the amount contributed over the estimated value of the goods and services indicated above.

Authorized Signature: \_\_\_\_\_

Title: \_\_\_\_\_