

IRS Proposes Rules for Donee Charitable Donation Reporting

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On September 16, 2015, the **IRS** issued [proposed regulations](#) concerning the time and manner for donee organizations to file information returns that report required information about charitable contributions. The proposed regulations would implement an exception to the requirement that a taxpayer who claims a charitable contribution deduction for any contribution of \$250 or more to obtain substantiation in the form of a “contemporaneous written acknowledgement” from the donee organization.

Previously, some taxpayers have argued that donations can be substantiated by filing an amended Form 990, even years after the claimed donation is made; however, the IRS has rejected this position. Instead, pursuant to the proposed regulations, the IRS will develop an optional “specific-use information return for donee reporting” intended to provide for timely reporting, while also minimizing reporting burdens on donees and protecting donor privacy.

Under these rules, in lieu of contemporaneous written acknowledgement, a donee organization may file a donee reporting information return with the IRS on gifts of \$250 or more by February 28 of the year after such donation is made, and such organization must also give a copy of the information return to the donor by the same date. However, the donee reporting is not required if contemporaneous written acknowledgement is obtained.

Unlike contemporaneous written acknowledgements, the donee reporting information returns will be sent to the IRS and will require use of the donor’s taxpayer identification number in order for the IRS properly associate the donation information with the correct donor. This raises concerns about the potential risk for identity theft involved with donee reporting. In addition to other requests for comments, the Treasury Department and the IRS requested comments with regard to procedures a donee should use in soliciting and maintaining a donor’s taxpayer identification number to mitigate risks related to identity theft.

Comments on the proposal are due by December 16, 2015, and comments on the proposed information collection are due by November 16, 2015. The proposed regulations would apply to contributions made on or after publication of final regulations.

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