

CONTRIBUTIONS

Parishes or schools must maintain a record-keeping system that tracks contributions by parishioner (e.g., PDS Church Office Program). The system should, at a minimum, provide the following information:

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

Records should also be maintained for periodic contributions from non-parishioners and/or corporations.

The records must explicitly detail any restrictions the donor has placed upon the contribution (e.g., for repairing the parish roof). It is the responsibility of the Parish Finance Council to ensure that the parish or school adheres to these restrictions.

Acknowledgement of Contributions

Parishes or schools are required to provide parishioners or donors with annual contribution statements which detail the amount contributed and indicate whether the amounts are tax deductible. The revised section 170(f)(8) of the Internal Revenue Code requires that an individual receive a receipt from an organization in order to take a charitable deduction on their tax return for individual gifts of \$250 or more. This includes Sunday contributions, capital campaign contributions and special gifts. These statements should be mailed by January 31 for the previous year's contributions. **A sample acknowledgment generated from the PDS Church Office program is provided in *Appendix – Accounting Sample Forms/Reports*.**

Following is a list of contributions, which are tax deductible, and a list of payments, which are not tax deductible. Please keep in mind that, while it is the parish or school's responsibility to report contributions, the ultimate responsibility of tax deductibility rests with the taxpayer and IRS.

TAX DEDUCTIBLE CONTRIBUTIONS

- **Parish Tithing:** Voluntary contributions received by a parish (e.g., Sunday mass contributions) are tax deductible and should be reported as such.
- **Contributions for Intangible Religious Benefit:** Contributions for which the contributor receives an intangible religious benefit that generally is not sold in a commercial transaction outside the parish or school should be reported as tax deductible. This includes contributions for Mass stipends, CCD classes or sacramental fees.
- **Non Cash Contributions:** Non cash contributions (e.g., property, stock) are normally deductible. However, it is the responsibility of the taxpayer to request an acknowledgement of any non-cash donation worth more than \$250. This acknowledgement should describe the gift and not set a value on the donation.

- **Contributions for Fund Raising Events:** Normally contributions for fund raising events include some sort of goods or service in return for the contribution. The value of the goods or service received is not tax deductible. For example, if a parish or school 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 should contain a declaration informing the donor of the amount of the contribution that is deductible. In the above example, the parish or school could print the following information on the ticket -- "\$75 of Your Contribution is Tax Deductible."

NON-TAX DEDUCTIBLE PAYMENTS

- **Tuition:** Tuition or parish-set amounts, which are expected from school families, and/or are monitored by the parish under a "minimum giving" program may not be reported as tax deductible. (Parishes with schools should review the section below which discusses tuition options.)
- **Raffle Tickets:** Chance cards and raffle tickets are not tax deductible. Therefore, terms such as "donation" should not be stated as they infer tax deductibility.