



## Deductibility Requirements for Gifts to Donor-Advised Funds

**Summary:** The Pension Protection Act of 2006 modifies the requirements for obtaining a charitable deduction for a contribution to a donor-advised fund.

**Effective Date:** Contributions made 180 days after the date of enactment (contributions made after February 13 or 14, 2007 depending on the date of enactment).

### **What are the new rules for substantiating contributions to donor-advised funds?**

To claim a charitable, gift or estate tax deduction for any contribution to a donor-advised fund after the effective date, donors must obtain a contemporaneous written acknowledgement from the sponsoring organization that states: "The [insert name of charity] has exclusive legal control over the contributed assets." This statement can be added to gift substantiation letter to donors.

### **What is a contemporaneous written acknowledgment?**

An acknowledgement is considered contemporaneous if it is received by the donor on or before the earlier of (1) the date the donor files a return for the taxable year in which the contribution was made or (2) the due date (including extensions) for filing the return.

### **What donor-advised funds are eligible to receive contributions that qualify for a charitable deduction for income, gift and estate tax purposes?**

Contributions to donor-advised funds at most public charities are eligible for charitable deductions. However, contributions to donor-advised funds held by Type III supporting organizations that are not [\*functionally integrated\*](#) are not eligible for charitable deductions.

Contributions to donor-advised funds held at veterans' organizations, fraternal societies, and cemetery corporations are not eligible for charitable deductions.

### **Where can I find more information about the substantiation requirements of all charitable contributions?**

For more information about substantiation of charitable contributions, see IRS Publication 1771, Charitable Contributions—Substantiation and Disclosure Requirements (<http://www.irs.gov/pub/irs-pdf/p1771.pdf>). While the new substantiation requirements are not discussed in Publication 1771, the publication is still helpful to understanding the many substantiation requirements already in effect.

The information provided here is based on our continuing analysis of the bill. Every effort has been made to ensure accuracy of these documents. However, due to the complexity of the bill and the fact that many of these provisions introduce issues that are new to the Internal Revenue Code, please understand that this information is subject to change. The information is not a substitute for expert legal, tax or other professional advice and we strongly encourage grantmakers and donors to work with their counsel to determine the impact of this legislation on their particular situations. This information may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code.