

Tales From Tech 2 - Issue: 7.1

...More information on Non-cash Contributions.

As you can see by the volume number above, this is a follow-up to my last newsletter.

In my last newsletter, I discussed how to handle non-cash and loose plate contributions. After I sent out Volume 7, I received a couple of messages from people that I consider "in the know." These folks pointed out a couple of things that I wanted to mention just to make sure everyone was clear on the possible legal issues of giving credit for non-cash contributions.

I guess I was just so excited to have a newsletter ready so soon after the last one that maybe I wasn't quite as thorough as I needed to be. I should have remembered the old saying: ***Don't count your chickens before the early bird catches the worm.***

INFERNAL REVENUE SERVICE

One of the people that responded to the last newsletter indicated that it was her understanding that the Internal Revenue Service put into effect a law that prohibited churches from giving credit in exact dollars for non-cash items. She admitted that she could indeed be wrong on the matter, but that was the way she understood things. So, if you're concerned about any of these issues, you might want to talk to the church's accountant for more information.

LETTER AND INTENT

After receiving and reviewing the responses to Volume 7, I discussed the issues with several individuals here in the office. Their opinion was that the rules and regulations put in place by the IRS were to discourage the church from assigning values to things like pieces of art or a used car, for example. If someone brings in a used jalopy and donates it to the church, the church can't legally place a value on it themselves (unless they have a licensed car appraiser handy). In other words, Fred might think his old, rusty AMC Pacer is worth \$10,000, but that's not for him or the church to decide. All the church can do is write him a letter, thanking him for the car. Then the issue of assigning a value would be between Fred, his accountant and the IRS.

The major issue here is the legality of the church trying to interpret the value of something when there is any degree of uncertainty. Now, when someone buys a can of paint and gives that to the church, it's not that difficult to assign a value. The price is current and printed plainly on the receipt! As I said before, I'm not a lawyer and I certainly don't work for the IRS, but I don't feel that the IRS will come after you for giving someone credit for a \$9.49 can of paint. But, to be safe, some churches will write the contributor a reimbursement check for the amount of the receipt and then the contributor simply signs the check and gives it back to the church. Like I said, if you're concerned, discuss these issues with a lawyer, an accountant or someone that works for the IRS. (Or, if you don't have an IRS agent in the closet, you can go online to

<http://www.irs.gov/> and then scroll down to the bottom of the page and click on "Forms & Pubs." From there, click on "Publications and Notices" and then on the page that comes up, just follow the instructions to retrieve Publications 526 and 561. You can print those out and then read all about the rules and regulations straight from the horse's mouth.)

IN CLOSING

In closing, I want to express my deepest appreciation to the two people who wrote me about the issues addressed in Volume 7. I appreciate them bringing the issues to my attention and giving me an excuse to do another newsletter. Maybe I should send them mugs!

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