



United Way
of Coastal Carolina

New Tax Implications

Donors are now required to have a tax receipt to substantiate all contributions, regardless of amount. Payroll deduction pledges, just like all other contributions, are now only deductible by the donor if they can produce a canceled check or a receipt that indicates:

- The name of the charity
- The date of the contribution
- The amount of the contribution

What do Donors Need?

Check donation: A canceled check is sufficient proof because it contains the three points of information required by the IRS (name of the charity, and date and amount of the contribution).

Payroll Deduction Donations: Donors need a pay stub, W-2 or other document furnished by the employer that indicates the amount withheld during the tax year for payment to the donor organization **AND**

A pledge card, or other document that shows the name of the charity, and date and amount of the contribution.

When Did this Take Effect?

This change in IRS guidelines took effect for taxpayers claiming charitable contribution deductions for gifts made in the taxable years beginning after August 17, 2006. So, for payroll deduction pledges made in the Fall 2008 campaigns, the donors will need copies of their pledge forms or the pledge form stub to substantiate their charitable contributions for tax returns filed in April 2009..

What You Need to Know Concerning Payroll Deductions:

- If you are a **Donor:**
 - Retain a copy of your pledge card or the pledge form stub to substantiate your charitable donation, **OR**
 - Request a copy of your pledge card from your payroll office, **OR**
 - Request a confirmation letter from United Way. Please note that we will only be able to provide a letter of confirmation if we have received sufficient detail of your payroll pledge from your organization.
- If you are the company's **Payroll Contact:**
 - When you process employee payroll deductions, keep employee pledge cards on file as long as necessary, as employees may submit tax returns well after the April 15 filing deadline.
- If you are the company's **Campaign Coordinator:**
 - Be aware of how this affects donors at your company and where you will direct inquiries as they occur.
 - If your company uses an on-line giving tool, include this information on the tool and also send a gift confirmation e-mail advising employees to print and save for tax purposes.

Note: This information is not a comprehensive summary of the IRS's requirements. We recommend that each donor consult their tax advisor for more information about what they need, or visit www.irs.gov for complete information.