

2019 HIGHER EDUCATION TAXATION ESSENTIALS
JUNE 2, 2019
AUSTIN, TEXAS

CHARITABLE CONTRIBUTIONS

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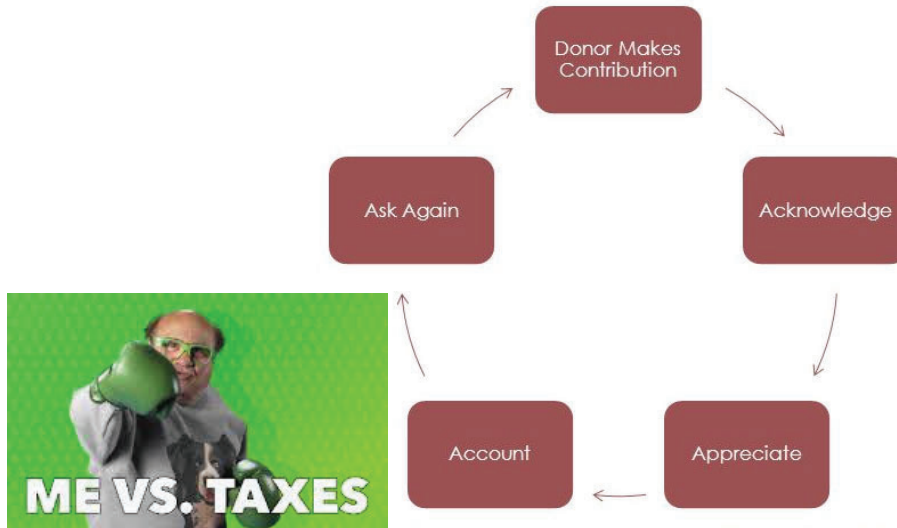
Charitable Contributions

- Definition of a charitable contribution
- “Contributions” with strings or benefits
- Receipting rules
- Appraisal requirements



Donor Relations

Donor Relations Cycle



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What is a Charitable Contribution?

- The *sine qua non* of a charitable contribution is a transfer of money or property without adequate consideration.
- **Essential elements**
 - Donor competent to make the gift
 - Donee capable of taking the gift
 - Clear and unmistakable intention on the part of donor to absolutely and irrevocably divest himself of the title, dominion and control of the subject matter of the gift
 - Irrevocable transfer
 - Delivery by donor to donee
 - Acceptance by donee

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Quid Pro Quo Transactions

- A donor receives a privilege or benefit in return for a contribution
- Charity must value the return benefit
- Discussed later



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Charitable Contribution or Not?

Business Expense

- A business expense deduction is allowable if the payment is made with a reasonable expectation of a financial return commensurate with the amount of the payment
- A payment to charity made with the intent to increase business should be a business expense
 - Payment for use of the charity's name in an advertising campaign (Rev. Rul. 63-73)
 - Regular payments to charity in order to promote business (Rev. Rul. 72-314)
 - Items "donated" for students

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First appeared as part of the conference materials for the
2019 Higher Education Taxation Essentials session
"Charitable Contributions"