



Does your nonprofit properly report donations?

Your not-for-profit probably already ensures that donors receive a receipt with information about claiming a charitable contribution deduction on their tax return. But your obligations may go further than that. For noncash donations, you might have responsibilities related to certain tax forms.

Form 8283 for donors

When filing their tax returns, donors must attach Section A of Form 8283, “Noncash Charitable Contributions,” if the amount of their deduction for all noncash gifts is more than \$500. Only when a single noncash contribution is greater than \$5,000 does the donor need to complete Section B, which must be signed by an official of the organization receiving the donation or another person designated by that official. When you return a Schedule B to a donor, the donor should provide you with a full copy of Form 8283.

Donors usually must obtain an appraisal for donated property over \$5,000. However, your official’s signature on Section B doesn’t represent concurrence with the appraised value of a donation. It merely acknowledges receipt of the described property on the date specified on the form.

Form 8282 for nonprofits

Your organization generally needs to file Form 8282, “Donee Information Return,” with the IRS if you sell, exchange or otherwise dispose of a donated item within three years of receiving the donation. File the form within 125 days of the disposition unless:

- The item was valued at \$500 or less at the time of the original donation, or
- The item was consumed or distributed without compensation in furtherance of your exempt purpose. For example, a relief organization that distributes donated medical supplies while aiding disaster victims isn’t required to file Form 8282.

You also must provide a copy of Form 8282 to the donor. When a donated item is transferred from one nonprofit to another within three years, the transferring organization must provide the successor with its name, address and tax identification number, a copy of the Form 8283 it received from the original donor, and a copy of the Form 8282 within 15 days after filing with the IRS.

Avoidable consequences

Failing to file required forms can lead to IRS penalties. While your organization may be excused if you show the failure was due to reasonable cause, your donor still stands to lose the tax deduction — a result neither of you want. Contact us if you have questions.

© 2018