

Stock Gift Receipts
John H. Taylor, Partner, Alexander Haas
Originally Written in December, 2004

As appreciated stock falls under the IRS definition of a “noncash charitable contribution,” (see the instructions for filing IRS Form 8283), the IRS advises us – by example – to only describe what was donated on a tax receipt (see IRS Publication 1771). In other words, if a donor gives you 15 shares of Microsoft Corporation stock, then the receipt should only state that – no value or gift date information should be included (as is true for **all** noncash contributions).

But publicly traded stock is different both in our eyes and in the eyes of our donors. It is becoming increasingly more common for donors to send securities in order to satisfy a pledge. Therefore we often feel obligated to inform our donors as to the value of their security donation to assist them in determining their pledge balance.

This can be accomplished, without your inadvertently providing inappropriate tax guidance to your donor, if you carefully construct a statement, or insert, to be included with or on the official tax receipt. Certainly the receipt must absolutely include a description of the stock – the donor did not give you cash even if you “cashed” the stock in. But if you opt to include valuation information you might add, “valued at \$X,XXX.XX on MM/DD/YYYY (please see the below/attached).” If you are wondering, there is no need to include high, low, opening, or close values at all.

The above reference to “the below/attached” is where you protect yourself, as well as the donor. I suggest full disclosure to the fullest extent possible, indicating that the date and value are for the institution’s internal purposes only and that while you have done your best to identify the gift date and value in accordance with IRS regulations, final determination of both of those elements rests with the donor and their tax advisor. Whatever language you use should be approved by your organization’s attorney. Below is sample language I have used:

“Thank you for your generous contribution listed on the attached acknowledgment. The IRS requires that we only state the name of stock and number of shares. We have, however, also reflected a value and as-of date using our best attempts to follow IRS guidelines. These values have been used for our internal purposes only.”

“Our amount and date may differ from the amount and date on which your charitable contribution may be determined. We encourage you to consult with your tax advisor and/or tax return preparer if you have any questions.”

Some organizations I have consulted for have opted to provide the donor with even more information. In those cases care must be taken to ensure that the latest interpretations are provided. Section 1.170A-1(b) of the Federal Income Tax Regulations, and section 25.2512-2(b)(1) for the Federal Gift Tax Regulations should be reviewed in addition to IRS Publications 561 and 526.