

BONDED

EXEMPT ORGANIZATIONS INFORMATION MEMO

DECEMBER 22, 2022

Your Year-End Charitable Deduction Cheatsheet

With Black Friday, Cyber Monday and Giving Tuesday now behind us, we are once again in the midst of the year-end giving season. But unlike the uncertain date beyond which one should no longer wish others a happy new year, the year-end giving season itself has an IRS-enforced hard stop: *charitable gifts must be delivered by December 31 in order to be deductible for the 2022 tax year.*

Date of delivery not only determines the year of deductibility, but also, for assets that fluctuate in value (such as stock), the value of the donation and, when relevant, the holding period (short or long-term). But while the date by which delivery must occur is clear, “delivery” itself doesn’t mean the same thing for all gifts. We’ve assembled a list of common gifts below and their corresponding “date of delivery” under IRS rules:

- **Credit card** donations are treated as delivered when the charge is made.
- **Check** donations are treated as delivered on the date of mailing, unless they are post-dated. Post-dated checks are not delivered until the date marked. Recommend that your donors use certified mail to establish the date of mailing for their records.
- **Text message** donations are delivered on the date the text message is sent if the donation is charged to the donor’s phone or wireless account.
- **Pay-by-phone account** donations are considered delivered on the date the financial institution pays the donated amount to the charity, which would be reflected on the statement sent to the donor by the financial institution.
- **Tangible personal property** donations are generally delivered on the day the property is actually received and title has been transferred, if applicable.
- **Donations of stock** must be unconditional and accompanied by a properly endorsed stock certificate.
 - *If hand delivered*, the donation is delivered on the day the organization receives the stock.
 - *If mailed*, the donation is delivered on the day the mailing is postmarked (provided such donation is received in the “ordinary course of the mails”). The delivered-when-mailed rule only applies to the U.S. Postal Service, not to private couriers.
 - *If delivered to the donor’s broker*, the donation is delivered on the day the stock is transferred to the donee’s name on the books of the corporation.
- **Real estate** donations are delivered on the day the organization receives a properly executed deed. Further, if the deed is required to be recorded to pass title, the donation is delivered on the day the deed is recorded.

- **Pledges** are deductible with respect to the year they are fulfilled, not the year the pledge is first made. Additionally, if a pledge is fulfilled after a donor's death, the pledge is deductible as a debt of the donor's estate (unless the pledge was non-binding and is fulfilled only in accordance with the donor's will)
- **Options**, or promises to sell specified property at a certain price in the future, are treated similarly to pledges and are deductible in the year the option is exercised, not the year the option is first offered. The total amount of the donation is the fair market value of the property on the date the option is exercised (minus the exercise price).

The foregoing rules are only a summary provided for general information purposes. If you have any questions or concerns related to issues involving charitable donations or other matters involving 501(c)(3) tax-exempt organizations, please contact [Thomas W. Simcoe](#), [Delaney M. R. Knapp](#) or the attorney at the firm with whom you are regularly in contact.

