

# disaster *relief*



**Providing assistance through  
charitable organizations**

INTERNAL REVENUE SERVICE

TAX EXEMPT AND GOVERNMENT ENTITIES

Exempt Organizations

# disaster *relief*

Providing assistance through  
charitable organizations

...is for people interested in using a charitable organization to provide help to victims of disasters or other emergency hardship situations. These disasters may be caused by floods, fires, riots, storms, or similar large-scale events. Emergency hardship may be caused by illness, death, accident, violent crime, or other personal events.

This publication includes:

- ▶ advice about helping to provide relief through an existing charitable organization
- ▶ information about establishing a new charitable organization
- ▶ guidance about how charitable organizations can help victims
- ▶ requirements for documentation
- ▶ a special statutory rule that applies only to disaster relief assistance for victims of the September 11, 2001, terrorist attacks on the United States
- ▶ guidance about employer-sponsored assistance programs
- ▶ information about gifts and charitable contribution rules
- ▶ reference publications and sources of assistance

**By using this publication at an early stage to help plan your relief efforts, your program will be able to help victims in ways that are consistent with the federal tax rules that apply to charities.**

**Providing aid to relieve human suffering that may be caused by a natural or civil disaster or an emergency hardship is charity in its most basic form. Charitable organizations, including churches, are frequently able to administer relief programs more efficiently than individuals acting on their own. Charitable organizations can offer assistance over long periods of time. Even if the charity later dissolves, its remaining assets are permanently dedicated to accomplishing charitable purposes and cannot be divided among the organization's members, directors, or employees.**

**Of course, there are tax advantages when relief is provided by a charitable organization that qualifies for tax-exempt status. Being exempt from federal income tax reduces an organization's expenses, which may allow additional resources to be used to accomplish its mission. Plus, contributors to qualified charitable organizations may be eligible to claim tax deductions for their donations, and the value of these contributions is not subject to gift tax, regardless of the amount. In general, individuals who receive assistance in meeting personal needs from a charitable organization are not subject to federal income tax on the value of the assistance.**

## *Helping Through an Existing Charitable Organization*

A tragic event can often prompt an outpouring of assistance. In the rush to provide help, organizers spend time and funds establishing and qualifying a new charitable organization. This may be appropriate when the organizers have long-term goals or where no suitable existing charity is present.

Alternatively, an existing charity operating in an allied area may be interested in establishing an assistance program for a particular disaster or emergency hardship situation. This may be a more practical approach than the establishment of a new charitable organization. For instance, a community fund like the United Way, a religious organization like the Salvation Army, or a relief organization like the Red Cross are all existing organizations which have provided targeted disaster relief and emergency hardship assistance in response to natural and civil disasters and other unforeseen emergencies. It is important to note that the **existing charity must be given full control and authority over the program.**

## *Establishing a New Charitable Organization*

Generally, a new charitable organization with actual or anticipated annual gross receipts in excess of \$5,000 must apply for and obtain recognition of tax-exempt status from the IRS. There are exceptions to this general rule. Churches, synagogues, temples, and mosques may, but are not required to, apply for tax-exempt status from the IRS.

An organization qualifies as an exempt charitable organization if it is organized and operated exclusively for charitable purposes, serves public rather than private interests, and refrains from participating or intervening in any political campaign or engaging in substantial amounts of lobbying activity. Use the following IRS materials when establishing a charitable organization:

### **Publication 557, *Tax Exempt Status for Your Organization***

Provides basic requirements to qualify as a tax-exempt, charitable organization, and describes the application process.

### **Form 1023, *Application for Recognition of Exemption from Federal Income Tax Under Section 501(c)(3) of the Internal Revenue Code***

Disaster and emergency hardship relief organizations may obtain expeditious handling of their Forms 1023. The request for expeditious treatment should be included in a cover letter accompanying the application, and should explain the circumstances justifying the request; for example, a brief description of the disaster and the reason for urgency in processing the application.

### **Employer Identification Number (EIN)**

Tax-exempt organizations must have an EIN that is used to identify the organization for filing and reporting purposes. You may obtain an EIN by:

1. Filing Form SS-4, *Application for Employer Identification Number*, with the IRS. You may obtain Form SS-4 with instructions at:
  - ▶ [www.irs.gov](http://www.irs.gov)
  - ▶ (800) 829-3676 to order IRS tax forms and publications
2. Faxing Form SS-4 to a location provided in the instructions on the Form.
3. Calling (866) 816-2065 to get an EIN.
4. Calling (215) 516-6999 to obtain an EIN if you are located outside the United States.

# *How Charitable Organizations Help Victims*

The following sections describe how charitable organizations can provide assistance to disaster or emergency hardship victims in a variety of ways that accomplish charitable purposes.

**AID TO INDIVIDUALS**—Disaster relief or emergency hardship organizations may provide assistance in the form of funds, services, or goods to ensure that victims have the basic necessities, such as food, clothing, housing (including repairs), transportation, and medical assistance (including psychological counseling). The type of aid that is appropriate depends on the individual’s needs and resources.

For example, immediately following a devastating flood, a family may be in need of food, clothing, and shelter, regardless of their financial resources. However, they may not require long-term assistance if they have adequate financial resources. Individuals who are financially needy or otherwise distressed are appropriate recipients of charity. Financial need and/or distress may arise through a variety of circumstances. Examples include individuals who are:



- ▶ temporarily in need of food or shelter when stranded, injured, or lost because of a disaster
- ▶ temporarily unable to be self-sufficient as a result of a sudden and severe personal or family crisis, such as victims of crimes of violence or physical abuse
- ▶ in need of long-term assistance for housing, childcare, or educational expense because of a disaster
- ▶ in need of counseling because of trauma experienced as a result of a disaster or crime

**AID TO BUSINESSES**—Disaster assistance may also be provided to businesses to achieve the following charitable purposes:

- ▶ to aid individual business owners who are financially needy or otherwise distressed
- ▶ to combat community deterioration
- ▶ to lessen the burdens of government

**CHARITABLE CLASS**—The group of individuals that may properly receive assistance from a charitable organization is called a charitable class. A charitable class must be **large or indefinite** enough that providing aid to members of the class benefits the community as a whole. Because of this requirement, a tax-exempt disaster relief or emergency hardship organization cannot target and limit its assistance to specific individuals, such as a few persons injured in a particular fire. Similarly, donors cannot earmark contributions to a charitable organization for a particular individual or family. When a disaster or emergency hardship occurs, a charitable organization may help individuals who are needy or otherwise distressed because they are part of a general class of charitable beneficiaries, provided the organization selects who gets the assistance.

**Example 1:** Linda's baby, Todd, suffers a severe burn from a fire requiring costly treatment that Linda cannot afford. Linda's friends and co-workers form the Todd Foundation to raise funds from fellow workers, family members, and the general public to meet Todd's expenses. Since the organization is formed to assist a **particular individual**, it **would not qualify** as a charitable organization.

Consider this alternative case: Linda's friends and co-workers form an organization to raise funds to meet the expenses of an open-ended group consisting of all children in the community injured by disasters where financial help is needed. Neither Linda nor members of Linda's family control the charitable organization. The organization controls the selection of aid recipients and determines whether any assistance for Todd is appropriate. Potential donors are advised that, while funds may be used to assist Todd, their contributions might well be used for other children who have similar needs. The organization does not accept contributions specifically earmarked for Todd or any other individual. The organization, formed and operated to assist an **indefinite** number of persons, **qualifies** as a charitable organization.

See the example below in the section on gifts and charitable contribution rules for a situation where providing disaster assistance apart from a qualified charity is desirable.

**Example 2:** A hurricane causes widespread damage to property and loss of life in several counties of a coastal state. Over 100,000 homes are damaged or destroyed by high winds and floods. The **group of people affected** by the disaster is **large** enough so that providing aid to this group benefits the public as a whole. Therefore, a charitable



organization can be formed to assist persons in this group since the eligible recipients comprise a charitable class.

**Example 3:** A hurricane causes widespread damage to property and loss of life in several counties of a coastal state. In one of the affected counties, an existing charitable organization has an ongoing program that provides emergency assistance to residents of the county. A small number of residents of this county suffered significant injury or property damage as a result of the storm. The organization provided assistance to some of these individuals. The organization's assistance was provided to a charitable class because the **group of potential recipients** is **indefinite** in that it is open-ended to include other victims of future disasters in the county.

**NEEDY OR DISTRESSED TEST**— Generally, a disaster relief or emergency hardship organization must make a specific assessment that a recipient of aid is financially or otherwise in need. Individuals do not have to be totally destitute to be financially needy; they may merely lack the resources to obtain basic necessities. Under established rules, charitable funds cannot be distributed to individuals merely because they are victims of a disaster. Therefore, an organization's decision about how its funds will be distributed must be based on an objective evaluation of the victim's needs at the time the grant is made. The scope of the assessment required to support the need for assistance may vary depending upon the circumstances.

A charity may provide crisis counseling, rescue services, or emergency aid such as blankets or hot meals without a showing of financial need. The individuals requiring these services are distressed irrespective of financial condition. In contrast, providing three to six months of financial assistance to families to pay for basic housing because of a disaster or emergency hardship would require a financial need assessment before disbursing aid.

An individual who is eligible for assistance because the individual is a victim of a disaster or emergency hardship has no automatic right to a charity's funds. For example, a charitable organization that provides disaster or emergency hardship relief does not have to make an individual whole, such as by rebuilding the individual's uninsured home destroyed by a flood, or replacing an individual's income after the person becomes unemployed as the result of a civil disturbance. This issue is especially relevant when the volume of contributions received in response to appeals exceeds the immediate needs. A charitable organization is responsible for taking into account the charitable purposes for which it was formed, the public benefit of its activities, and the specific needs and resources of each victim when using its discretion to distribute its funds.

**SHORT-TERM AND LONG-TERM ASSISTANCE**— Often charitable organizations (or programs by existing charities) are established as a result of a particular disaster where both short-term and long-term assistance might be required. The following types of assistance, if based on individual need, would be consistent with charitable purposes:

- ▶ assistance to allow a surviving spouse with young children to remain at home with the children to maintain the psychological well-being of the entire family
- ▶ assistance with elementary and secondary school tuition and higher education costs to permit a child to attend a school
- ▶ assistance with rent, mortgage payments, or car loans to prevent loss of a primary home or transportation that would cause additional trauma to families already suffering
- ▶ travel costs for family members to attend funerals and to provide comfort to survivors

**Example:** A group of individuals are killed in a fire in a large office complex. A charitable organization was previously formed to assist needy individuals in the surrounding region. The charity determines that some victims' spouses and dependents lack adequate resources to meet immediate basic needs; others have resources to meet these needs, but will likely have a continuing need for counseling, medical, housing, childcare, and education expenses. In this circumstance, the organization can grant funds to assist in meeting current and continuing needs.

The organization can also set aside funds for possible future needs. However, when payments are made out of the set-aside funds, they must be based on needs of victims' families that exist at the time the payments are made.

## *Documentation*

An organization must maintain adequate records that demonstrate the victims' needs for the assistance provided. These records must also show that the organization's payments further charitable purposes. Thus, records are required when aid is provided to individuals based on a specific assessment of need, as described above, or under the special statutory rule for September 11, 2001, disaster relief that is described below. Documentation should include:

- ▶ a complete description of the assistance
- ▶ the purpose for which the aid was given
- ▶ the charity's objective criteria for disbursing assistance under each program
- ▶ how the recipients were selected

- ▶ the name, address, and amount distributed to each recipient
- ▶ any relationship between a recipient and officers, directors, or key employees of or substantial contributors to the charitable organization

A charitable organization that is distributing short-term emergency assistance would only be expected to maintain records such as the type of assistance provided, criteria for disbursing assistance, date, place, estimated number of victims assisted (individual names and addresses are not required), charitable purpose intended to be accomplished, and the cost of the aid. Examples of such short-term emergency aid would include blankets, hot meals, electric fans, or coats, hats, and gloves. An organization that is distributing longer-term aid should keep the above more-detailed records.

## *Special Statutory Rule for September 11, 2001 Disaster Relief*

In light of the extraordinary distress caused by the terrorist attacks on the United States of September 11, 2001, and the subsequent attacks involving anthrax, a special statutory rule was enacted by Congress to allow charitable organizations to disburse aid to victims of these attacks and their families without the charity making a specific assessment of need.

Under the Victims of Terrorism Tax Relief Act of 2001, charitable organizations making payments “by reason of the death, injury, wounding, or illness of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, or an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002,” are not required to make a specific assessment of need as is the case under established rules. This special statutory rule for September 11 relief applies **provided that the organization**

**makes the payments in good faith using a reasonable and objective formula which is consistently applied.** While a specific need assessment is not required, September 11 relief assistance must serve a **charitable class** that is large and/or indefinite in size.

In applying this special statutory rule the IRS will interpret:

- ▶ **good faith** to mean that the charity is applying its best efforts to accomplish its charitable purpose
- ▶ **a reasonable and objective formula that is consistently applied** to mean that the charity is using objective distribution criteria that take into account all pertinent circumstances, including the size of the amounts distributed, to avoid impermissible private benefit.

Thus, a charitable organization may distribute aid to a charitable class of September 11 and anthrax attack victims using a reasonable and objective formula that is applied consistently to all distributions. In that case, the charity does not have to take into account the specific needs of each recipient. Disaster relief payments made in accordance with this special statutory rule are treated as related to the organization's charitable purposes. Of course, charities may still choose to make needs assessments in determining assistance payments to September 11 and anthrax attack victims. The special statutory rule is an option, not a requirement.

**APPLICATION OF THE SPECIAL STATUTORY RULE**— Under the special rule, a charitable organization that assists families of victims killed in the line of duty as a result of the terrorist attacks of September 11, 2001, could make a distribution to families of the victims based on the number of families, family size, or the age of dependent children even though the specific financial and other needs of each family are not directly considered. By contrast, to distribute money based on the recipients' living expenses before September 11 would not be a

reasonable formula under the special statutory rule because it could result in significantly greater assistance to individuals in a better position to provide for themselves than to individuals with fewer financial resources.

The following examples demonstrate application of the special rule.

**Example 1:** Families A, B, and C are members of a charitable class of families who lost a family member in the World Trade Center attack on September 11, 2001. Charity X distributes funds to each family based on a formula that provides a grant of \$25,000 per immediate family member. Even though payments vary between families, because the formula is based on the number of family members, the method is considered both objective and reasonable in rationale. Charity X’s distributions are treated as related to its charitable purposes under the special statutory rule.

Family	Current Living Expenses	Family Size	Payment (\$25,000 per Member)
A	\$500,000	5	\$125,000
B	\$100,000	4	\$100,000
C	\$25,000	4	\$100,000

**Example 2:** Families A, B, and C are members of a charitable class who lost a family member in the World Trade Center attack on September 11, 2001. Charity Y provides each family with a distribution based on 20% of their annual living expenses before September 11. While this formula is considered objective, it is not considered reasonable in its rationale because it could result in greater assistance to families who may be in a better position to provide for themselves. Charity Y’s distributions are not treated as related to its charitable purposes under the special statutory rule.

Family	Prior Living Expense	Family Size	Payment (20% of Prior Living Expense)
A	\$500,000	5	\$100,000
B	\$100,000	4	\$20,000
C	\$ 25,000	4	\$5,000

NOTE: Those charities providing assistance to September 11 and anthrax attack victims may use the special rule that allows for formula-based distributions without a specific need assessment. However, they do not have to use this rule when making payments. Charities can still make an assessment of need when making payments to victims, recognizing their unique circumstances. The following example shows the use of the special statutory rule plus a needs assessment which recognizes the unique circumstances of the victims.

**Example 3:** Families A, B, and C are members of a charitable class who lost an immediate family member in the World Trade Center attack of September 11, 2001. Charity Z decides it will distribute disaster relief aid based on both a distribution formula and a specific assessment of family needs. Charity Z makes a distribution of \$10,000 to each surviving spouse and to each dependent child. In addition, the charity will assess the unique circumstances of each family member, including physical, emotional, and financial needs, and make additional distributions accordingly.

In this situation, Charity Z's proportionate distributions are treated as related to its charitable purposes under the special statutory rule. In addition, Charity Z's additional distributions based on a specific assessment of need are also consistent with accomplishing its charitable purposes.

The requirement for documentation, previously discussed, applies to assistance provided under the special statutory rule for September 11, 2001, disaster relief.

**REPORTING**—Most public charities and all private foundations are required to file an annual information return. A charity that makes payments using the special rule for September 11, 2001, disaster relief must specifically describe these payments in its annual return. Public charities filing Form 990, *Return of Organization Exempt from Income Tax*, must describe all such payments in a separate narrative of ‘Program Service Accomplishments’ on Part III of Form 990 or 990EZ. Private Foundations filing Form 990-PF, *Return of Private Foundation*, must describe all such payments in a separate narrative of ‘Purpose of Grant or Contribution’ in Part XV, Line 3, of Form 990-PF.

## *Employer-Sponsored Assistance Programs*

Frequently, employers fund relief programs through charitable organizations aimed at assisting their employees in coping with personal tragedy. The types of benefits a charitable organization can provide through an employer-sponsored assistance program depend on whether the charity is a public charity or a private foundation. Public charities generally receive broad public support; private foundations receive their funding or endowment from a limited number of sources. Because financial support from the general public typically carries with it public attention to and oversight of a charity’s operations, federal tax laws allow public charities to provide a broader range of assistance to employees than can be provided by private foundations.

Publication 557, *Tax-Exempt Status for your Organization*, identifies distinctions between public charities and private foundations.



**EMPLOYER-SPONSORED PRIVATE FOUNDATIONS**— A private foundation that is employer-sponsored may make qualified disaster relief payments. A **qualified disaster** includes a disaster that results from certain terroristic or military actions, a Presidentially declared disaster, a disaster that results from an accident involving a common carrier or any other event that the Secretary of the Treasury determines is catastrophic.

The IRS will presume that **qualified disaster** payments made by a private foundation to employees (or their family members) of an employer that is a disqualified person (such as a company that is a substantial contributor) are consistent with the foundation’s charitable purposes if:

- ▶ the class of beneficiaries is large or indefinite (a “charitable class”),
- ▶ the recipients are selected based on an objective determination of need, and
- ▶ the selection is made using either an independent selection committee or adequate substitute procedures to ensure that any benefit to the employer is incidental and tenuous. The foundation’s selection committee is independent if a majority of the members of the committee consists of persons who are not in a position to exercise substantial influence over the affairs of the employer.

If the requirements of this presumption are met, then the foundation’s payments in response to a qualified disaster (1) are treated as made for charitable purposes; (2) do not result in prohibited self-dealing merely because the recipient is an employee (or family member of an employee) of the employer-sponsor; and (3) do not result in taxable compensation to the employees.



This presumption is consistent with the legislative history accompanying the Victims of Terrorism Tax Relief Act of 2001 regarding the appropriate treatment of qualified disaster relief provided by private foundations controlled by a particular employer.

The presumption described above does not apply to payments that would otherwise constitute self-dealing. For example, the presumption does not apply to payments made to (or for the benefit of) individuals who are directors, officers, or trustees of the foundation. The presumption also does not apply to payments made to (or for the benefit of) individuals who are members of the foundation's selection committee.

Even though a private foundation fails to meet all the requirements of the presumption, the private foundation may still be operating consistent with the rules for charities when all the facts and circumstances are taken into account. Conversely, even though a private foundation meets the presumption, it can still be subject to review by the IRS of all the facts and circumstances to ensure that any benefit to the employer is tenuous and incidental. For example, a program may not be used to induce employees to follow a course of action sought by the employer or designed to relieve the employer of a legal obligation for employee benefits.

**Example:** A for-profit company is located in an area of the country designated a Presidentially declared disaster because of hurricane devastation. A **private foundation** funded by the company establishes a new program to provide assistance to the company's employees and their immediate family members who are victims of the current and any future qualified disasters.

The foundation's committee that selects recipients for assistance consists of a majority of members who are not in a position to exercise substantial influence over the affairs of the company. The foundation provides assistance to the employees and their families based on an objective determination of need.

The foundation's program does not relieve the company of any legal obligation, such as an obligation under a collective bargaining agreement or a written plan that provides insurance benefits. The company does not use the program to recruit employees, to induce employees to continue their employment, or to otherwise follow a course of action sought by the company.

Because the foundation serves a charitable class, provides assistance based on an objective determination of need, and has an independent selection committee, the IRS will presume that it is carrying out a charitable program. Distributions are neither self-dealing transaction between the foundation and the employer nor taxable compensation to its employees under the program.

If the foundation also provides assistance to employees and their families who are victims of the September 11 attacks under the Victims of Terrorism Tax Relief Act of 2001, the foundation may distribute assistance to these victims without a specific assessment of need under the special rule described above.

Publication 578, *Tax Information for Private Foundations and Foundation Managers*, gives information about self-dealing and disqualified persons.

For a description of the types of records a private foundation must retain, see the previous section **Documentation**.

**EMPLOYER-SPONSORED PUBLIC CHARITIES**— Because public charities receive broad public support, they may establish employer-sponsored assistance programs to respond to any disaster or employee emergency hardship situations.

The IRS will presume that payments made by a public charity to employees (or their family members) for employer-sponsored disaster relief and emergency hardship are consistent with the charity's charitable purposes if:

- ▶ the class of beneficiaries is large or indefinite (a “charitable class”),
- ▶ the recipients are selected based on an objective determination of need, and
- ▶ the selection is made using either an independent selection committee or adequate substitute procedures to ensure that any benefit to the employer is incidental and tenuous. The charity’s selection committee is independent if a majority of the members of the committee consists of persons who are not in a position to exercise substantial influence over the affairs of the employer.

If these requirements are met, the public charity’s payments to employees (and their families) of the employer-sponsor, in response to a disaster or emergency hardship, are presumed: (1) to be made for charitable purposes, and (2) not to result in taxable compensation to the employees.

For a description of the types of records a public charity must retain, see the previous section **Documentation**.



## *Gifts and Charitable Contribution Rules*

This part of the publication discusses the tax rules that apply to individuals who want to claim a tax deduction for their contributions to a qualified charitable organization. It also explains when gifts for disaster and emergency relief are not taxable income to recipients or subject to gift tax for contributors.

**CHARITABLE CONTRIBUTIONS**—Contributors to qualified, domestic charitable organizations may be eligible to claim federal income tax deductions for their contributions if they file itemized tax returns. Qualified organizations include charitable organizations that the IRS has determined are exempt from federal income tax. Domestic organizations are those created under the laws of the United States or its possessions. For charitable contribution purposes, United States possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of Northern Mariana Islands. Churches, synagogues, temples, and mosques are also qualified charitable organizations.

See Publication 526, *Charitable Contributions*, for a complete description of qualified organizations.

Before making a contribution to an organization for disaster relief, a contributor may want to verify whether the contribution would be tax-deductible. A contributor may use any of the following means to determine if the organization is qualified to accept tax-deductible contributions:

- ▶ Call IRS Customer Service at (800) 829-1040
- ▶ Access Publication 78, *Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986*, for a list of qualified charitable organizations at [www.irs.gov](http://www.irs.gov)

Anyone may obtain a copy of an organization's exemption application or recent annual information returns, Form 990, *Return of Organization Exempt from Income Tax*, filed by most public charities with annual gross receipts in excess of \$25,000, or Form 990-PF, *Return of Private Foundation*, filed by private foundations. A request for the organization's exemption application, Form 990 or Form 990-PF, can be made by contacting the organization directly or by submitting Form 4506-A, *Request for Public Inspection or Copy of Exempt Organization IRS Form*, to the IRS. Form 990 and Form 990-PF may also be posted on an organization's Web site.

When a contributor makes a contribution to a qualified charitable organization, the contributor must substantiate the amount of the contribution by maintaining reliable written records, such as cancelled checks or receipts. For more information about contributions, see Publication 526, *Charitable Contributions*.

For detailed information on what a charity is required to include in the written acknowledgement statements given to donors, see Publication 1771, *Charitable Contributions—Substantiation and Disclosure Requirements*.

**FOREIGN CONTRIBUTIONS**—Contributions to domestic, tax-exempt, charitable organizations that provide assistance to individuals in foreign lands qualify as tax-deductible contributions for federal income tax purposes provided the U.S. organization has full control and discretion over the uses of such funds. If the contributor is a corporation, its contributions for use in a foreign country are not deductible unless the domestic charity is itself organized as a corporation for federal tax purposes.

Contributions to foreign organizations are generally not tax-deductible, unless permitted by a tax treaty. The United States currently has tax treaties with Canada, Mexico, and Israel. See Publication 526, *Charitable Contributions*, for limitations that apply pursuant to these treaties.

**GIFTS**— Individuals can also help victims of disaster or hardship by making gifts directly to victims. This type of assistance does not qualify as a tax-deductible contribution since a qualified charitable organization is not the recipient. However, individual recipients of gifts are generally not subject to federal income tax on the value of the gift. If you make a gift directly to an individual, you are not subject to federal gift tax unless the total gifts made in a year exceeds the annual exclusion.

Sometimes providing financial assistance apart from a qualified charity is desirable.

**Example:** Jim, a college student and a counselor at a summer camp, accidentally rolls his old truck into a lake. The other counselors collect several hundred dollars and give the monies directly to Jim to help with the down payment for another truck. Since the counselors are making gifts to a particular individual, the use of a qualified charitable organization would not be appropriate. The counselors cannot claim tax deductions for their gifts to Jim. However, Jim is not subject to federal income tax on the gift amount. The other counselors would not be subject to federal gift tax if the total gifts made by each counselor to Jim during the year did not exceed the annual exclusion amount.

For more information about the taxability of gifts, see Publication 950, *Introduction to Estate and Gift Taxes*. You can download IRS publications at [www.irs.gov](http://www.irs.gov) or order free copies from the IRS at (800) 829-3676.



## *Additional Help on Disaster-Related Topics*

The IRS has a number of forms and publications on disaster relief that may be helpful to your organization.

**FORMS AND PUBLICATIONS**— To order free IRS publications and forms, call the IRS at (800) 829-3676. Download IRS publications and forms at [www.irs.gov](http://www.irs.gov).

Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*

Publication 526, *Charitable Contributions*

Publication 547, *Casualties, Disasters and Thefts (Business and Non-Business)*

Publication 557, *Tax-Exempt Status for Your Organization*

Publication 561, *Determining the Value of Donated Property*

Publication 578, *Tax Information for Private Foundations and Foundation Managers*

Publication 950, *Introduction to Estate and Gift Taxes*

Publication 1600, *Disaster Losses—Help From the IRS*

Publication 1771, *Charitable Contributions—Substantiation and Disclosure Requirements*

Publication 2194, *Disaster Assistance Kit*

**TELEPHONE ASSISTANCE**— The following telephone numbers will connect you to IRS customer service.

**(877) 829-5500**

**IRS Exempt Organizations Customer Account Services**

for tax information specific to exempt organizations

**(215) 516-2000**

**IRS Foreign Assistance Customer Service**

for tax information specific to foreign tax issues

**(800) 829-1040**

**IRS Customer Service**

for general tax information

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Department of the Treasury  
Internal Revenue Service

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