

U.S. Senate Committee on Finance

For Immediate Release

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Senators Release GAO Report on Car Donations to Charities

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking member, today released a General Accounting Office report showing taxpayers might take much more generous tax breaks for donating cars to charities than deserved, and the Internal Revenue Service is giving the issue little scrutiny.

Baucus said, “Charitable donations provide invaluable assistance to many needy organizations, especially during the holiday season when needs are greater. But it’s vital that individuals do their homework on where their donations are going and who really receives the assistance, especially when donating used cars. As the GAO report on car donations highlights, charities are receiving only pennies on the dollar from the donations of used cars. And even more concerning, the tax breaks individuals receive for these donations are costing the government millions of dollars a year. I don’t want to discourage donations, but it’s clear that changes are needed, including increased oversight. As the saying goes, ‘Buyer Beware.’ But in this case, ‘Donor Beware.’ ”

Grassley said, “This report further exposes what’s proving to be a rat’s nest of problems in the area of aggressive valuation of in-kind gifts. Cars aren’t the only charitable gift over which taxpayers are being taken for a ride. Donations of land, art and intellectual property are all raising concerns. The Finance Committee will look at significant reforms in this area as we consider the charitable giving bill early next year. Also, we have to make sure the IRS isn’t turning a blind eye to charitable gifts that have been red-flagged as possible problems.”

The report follows.