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MEMORANDUM

To: Reporters and Editors
Re: Report on noncash charitable contributions
Da: Friday, March 16, 2007

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on a new report from the Treasury Inspector General for Tax Administration (TIGTA), “The Internal Revenue Service Needs to Improve Procedures to Identify Noncompliance With the Reporting Requirements for Noncash Charitable Contributions,” report number 2007-30-049. The report is being publicly released and posted today at www.tigta.gov.

“The report shows there are still very real problems with noncash charitable contributions and that these problems contribute significantly to the tax gap. TIGTA found that in a recent nine-month time period, 101,000 taxpayers could have claimed \$1.8 billion in unsubstantiated noncash contributions. That’s amazing. Equally as bad is that 20 percent of taxpayers or their preparers failed to comply with reporting requirements for non-cash contributions. Honest taxpayers shouldn’t have to shoulder the burden of those who want to play fast and loose with the tax laws meant to encourage charitable giving. I hope the IRS will follow the report’s recommendations and make clear to taxpayers what’s acceptable. Also, the IRS and Treasury need to make a priority of issuing guidance on non-cash donations, based on anti-abuse legislation that I proposed and that Congress enacted last year.”

The *Pension Protection Act* enacted last year contains a series of Grassley provisions on charities, including charitable giving incentives and provisions to shut down abuse of non-profit organizations’ tax-exempt status. For more information, please see JCX-38-06:Technical Explanation Of H.R. 4, The "Pension Protection Act Of 2006," As Passed By The House On July 28, 2006, And As Considered By The Senate On August 3, 2006, <http://www.house.gov/jct/x-38-06.pdf>. A list of the provisions follows for quick reference.

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