

EOTS NewsFlash

Exempt Organizations Tax Services

August 1, 2012

IRS addresses deductibility of charitable contributions to domestic disregarded entities

Yesterday the Internal Revenue Service issued **Notice 2012-52** regarding the deductibility of contributions made to domestic single-member limited liability companies that are wholly owned and controlled by United States charities and are disregarded as entities separate from their owners for federal tax purposes.

Section 170(a) allows charitable contribution deductions if certain requirements are met. The IRS has announced that if all other requirements of Section 170 are met, it will treat a contribution to a disregarded, domestic, single member LLC, which is wholly owned by a United States charity, as a charitable contribution to a branch or division of the charity. The charity will be considered the donee organization for purposes of the substantiation and disclosure required by Section 170(f) and the Section 170(b) limitation rules.

Notice 2012-52 is effective for charitable contributions made on or after July 31, 2012; however, taxpayers may rely upon the notice prior to its effective date for taxable years for which the period of limitation on refund or credit under Section 6511 has not expired.

The Notice encourages charities to disclose, in the written acknowledgement of the contribution, that the single-member LLC is wholly owned by the charity and treated by the charity as a disregarded entity.

The full text of Notice 2012-52 can be found [here](#).



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