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NONPROFIT ORGANIZATIONS

ALERT

THE AMERICAN TAXPAYER RELIEF ACT OF 2012 EXTENDS IRA CHARITABLE ROLLOVER UNTIL DECEMBER 31, 2013

By Richard S. Caputo

The American Taxpayer Relief Act of 2012 (the Act) includes a number of provisions that will be favorable for philanthropy and charitable giving. Specifically, the Act has resurrected a popular tax law provision known as the “IRA charitable rollover.” Previous legislation allowing IRA charitable rollover gifts expired at the end of 2011. The Act extends the IRA charitable rollover until December 31, 2013.

The IRA charitable rollover provision allows individuals who are 70-and-a-half or older to transfer as much as \$100,000 per year from an individual retirement account directly to a qualified charity without having to count any of that transfer as taxable income. Also, the transfer, if done properly, counts toward the taxpayer’s required minimum distribution for that year.

The extension is retroactive to January 1, 2012. As a

result, a donor who made a rollover gift up to \$100,000 to a qualified charity in 2012 may exclude the transfer from his or her 2012 taxable income.

Also, the Act allows individuals who received an IRA distribution in December 2012 to elect to count that distribution (or a portion thereof) as a 2012 IRA charitable rollover if the individual transfers the amount in cash to a qualified charity before February 1, 2013.

Finally, the Act allows donors to make distributions directly to qualified charities before February 1, 2013 and elect to have such distributions treated as qualified charitable distributions in 2012.

If you have questions about this alert, please contact Richard S. Caputo, Chair of Fox Rothschild’s Nonprofit Organizations Group, at 610.458.3121 or rcaputo@foxrothschild.com.

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