

January 4, 2013



## **GIFTS FROM IRA'S TO CHARITY**

Again, as occurred also a few years ago, the provision that allows gifts made directly from an IRA to charity has been extended after the year has ended and when it would be “too late” to do anything about making such a gift. Also, again, a special provision gives taxpayers an extra month in which to make charitable distributions directly from an IRA in 2013, through January 31, 2013, and have them count as charitable distributions for 2012 tax purposes. As if that isn't confusing enough, there is a second opportunity for confusing your accountant this time.

Taxpayers can take any distribution from their IRA's that they RECEIVED in December 2012, whether a mandatory distribution or otherwise, and contribute up to that amount themselves to charity by January 31, 2013 and have that count as a charitable distribution directly from the IRA to charity in 2012. That is just for December 2012 IRA withdrawals and the taxpayer (not the IRA administrator) can make the gift to the charity.

Those of us who are familiar with IRA gifts going directly to charity know it is easy to fail to detect them, as the Form 1099-R gives no clue as to what happened. We have gotten used to asking clients who normally make such gifts about whether such a gift occurred each year. It seems that now we will have to ask whether any January cash gifts or direct IRA gifts are to count for this purpose for 2012.

The American Taxpayer Relief Act of 2012 has reinstated the tax-free qualified charitable distribution directly from an IRA, for taxpayers aged 70-1/2 or older, for 2012 and 2013. This provision has not been made permanent, so look for more confusion to result at the end of 2013.

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