

The Federal End Run Targeting Philanthropy

This past September, the U.S. Department of the Treasury and the Internal Revenue Service pulled an end run on the philanthropy sector by quietly proposing that charities file a new “information return” to substantiate contributions. Naturally, as all such test missiles go, the new return would be voluntary, not mandatory and only apply to gifts of \$250 or more. But here is the wolf hiding under sheepskin. The IRS would be provided the name, address and social security number of each donor.

The IRS says that the new form actually helps charities by providing an alternate way to confirm gifts that are likely to be claimed as charitable deductions by the donor. As it now stands, charities are required to provide donors a written acknowledgement of the gift but the IRS is left with the problem of matching up the charity letter with the donor tax return.

It seems like overkill to me that a whole new oversight channel would be created with important personal data simply to help ease the work burden of an army of IRS worker bees. I think something much more sinister is afoot. The IRS and Congress simply don't like an independent philanthropic sector. Joined by other freedom-confining organizations, the Government (writ large) really wants to refocus billions of dollars of donations into relieving what are otherwise governmental expenditures through a wide range of departments, agencies and entitlements.

I urge you to resist this seemingly harmless incursion because it is the proverbial camel nosing into the tent. They really want to turn your donations into quasi taxes that they direct and this is just an end run to get things started without asking for your input or alerting you and millions of other citizens to their intentions.

The current law works fine. No organization other than the IRS is seeking to change the system. But then, no other organization wants to free an army of smart people in order to redirect their efforts to more stringent controls on our freedoms.

In fact, it can be argued that the new forms increase the overall administrative burden on charities and save very little time among the denizens populating the IRS. I haven't read any promises by the IRS that they will permanently reduce the number of people they hire if this new form is enacted.

The IRS already knows everyone's social security number. But they don't seem to mind that thousands of charities will become aware of and responsible for additional sensitive information from donors. In this case, it's guard your wallets AND your data. If I were suspicious of the motives of the IRS (tongue-in-cheek here), I could even imagine the higher-ups chortling over the negative effect this security exposure would have on donations for years to come.

This proposal is just one more attack on American freedoms. It assaults donor privacy and increases the time, expense and security concerns of charities. The window for comment on this proposal is closed. The final decision about these proposed new regulations on philanthropy and charities is being made now. However, be alert. This is a presidential election year. I suspect any dramatic assault on philanthropy will be delayed while the federal minions duck into the trenches. But we all recall the misuse of the IRS by this Administration to impede its opponents. Be alert, indeed.