IRS Special Edition Tax Tip 2014-26 -- New Law Renews IRA Transfers to Charity for 2014; Owners Must Act by Dec. 31

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IRS Tax Tips Dec. 23, 2014

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[Facts & Figures]

[Problem Alerts]

[Around The Nation]

[e-News Subscriptions]

The Newsroom Topics

[Multimedia Center]

[Noticias en Español]

[Radio PSAs]

Issue Number: Special Edition Tax Tip 2014-26

Inside This Issue

New Law Renews IRA Transfers to Charity for 2014; Owners Must Act by Dec. 31 IRS Special Edition Tax Tip 2014-26

The Tax Increase Prevention Act extends the provision that allows certain IRA owners to make tax free distributions to charity. The extension applies for the 2014 tax year. This means if the law applies to you, the deadline to complete your transactions is Dec. 31. Here are some key points about the extension:

- If you are an IRA owner age 70½ or older you have until Dec. 31 to make a qualified charitable distribution, or QCD.
- A QCD is direct transfer of part or all of your IRA distributions to an eligible charity. You may transfer up to $100,000 per year.
- You may exclude the distributed amounts from your income. You can claim this benefit regardless of whether you itemize your deductions. If you do exclude the QCD from your income, you can't also deduct it as a charitable contribution on Schedule A if you do itemize.
- You can count your QCDs in determining whether you meet the IRA's required minimum distribution.
- The provision had expired at the end of 2013. The new law is retroactive for 2014. This means any eligible QCD in 2014 will qualify.

- Not all charities are eligible. For example, donor-advised funds and supporting organizations are not eligible recipients.

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Additional IRS Resources:

- IR-2014-117, Tax-Free Transfers to Charity Renewed For IRA Owners 70½ or Older; Rollovers This Month Can Still Count For 2014

Back to Top

Tax Scams

The Tax Gap

Fact Sheets

IRS Tax Tips

Armed Forces

Latest News Home

IRS Resources

Compliance & Enforcement News

Contact My Local Office

Filing Options

Forms & Pubs

Frequently Asked Questions

News

Taxpayer Advocate

Where to File

IRS Social Media