

Chaplaincy Briefing Note:

US tax-deductible donations to chaplaincies

via the Charities Aid Foundation (“CAF”) America and the Diocese in Europe

Suitable for donations over \$1,000

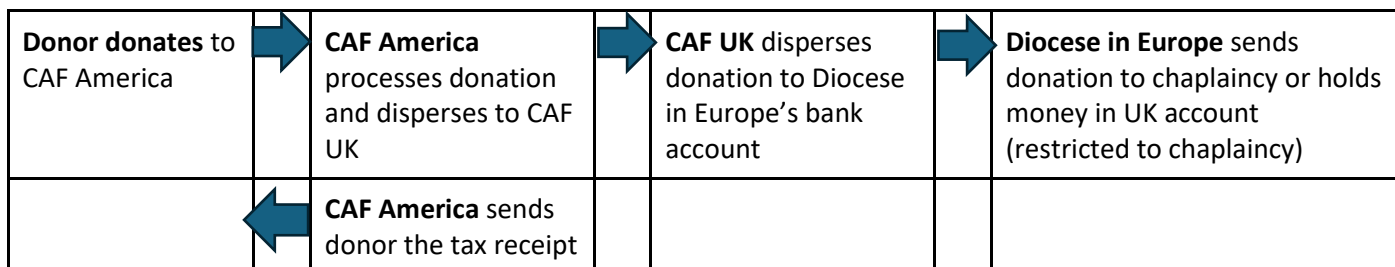
- This briefing is aimed at chaplaincies in the Diocese in Europe who currently do not have a route to facilitate tax-deductible donations from US taxpayers. (I am aware that some chaplaincies do have a route because of a pre-established US Friends Fund or links to a qualifying US organisation – that is fine and continue as you are.)
- Details about the actual donation process can be found on the accompanying [Guide To Donating Via CAF America for US Taxpayers](#) document.
- At the end of this document, there is a short communication piece which you can share with your congregations.
- I would be very happy to talk through the process on Zoom/the phone with any chaplaincy leader if anything isn't clear. If any potential US donor would prefer to discuss their donation with someone, then please direct them to me. I will assist them, particularly if it's their first donation via CAF America.
- The terminology 'donor' and 'donation' is being used here to reflect the language of CAF America.

Key points:

- Many people already make use of local tax-efficient giving schemes, as well as the Gift Aid Scheme for UK taxpayers. Significant tax benefits are available for US donors – but in most cases only if they give to a registered US charity. Generally, US donors do not receive a tax deduction on donations that are given directly to foreign charitable organizations, but they can if they give *via* an intermediary US organisation.
- We are partnering with The Charities Aid Foundation (CAF), which is a widely respected group of charitable organisations operating in both the USA (CAF America) and the UK (CAF UK). CAF America is fully compliant with U.S. law and qualifies as an intermediary organisation under Internal Revenue Code Section 501(c)(3). This means CAF America can receive and distribute donations and issue official receipts for US tax purposes, which donors can submit with their tax returns to the IRS. By donating via CAF America, U.S. taxpayers can make gifts that are both impactful and tax efficient.
- **Donations should be made via CAF America to the Diocese (with a restriction for a particular chaplaincy).** Whilst, technically, donations *could* be made directly to a chaplaincy I would strongly recommend that they should ***not***, as this route incurs significantly higher fees (eg \$400 vetting fee) and a lot more bureaucracy for the chaplaincy. Because the Diocese in Europe Board of Finance is a registered UK charity and is recognised by CAF UK, it already qualifies as an 'eligible organisation' with CAF America, having undergone the due diligence process.
- As a starting point, the Diocese in Europe will be using the single gift '[Donor Advised Gift](#)' route within CAF America to process donations. **It is a useful vehicle for larger gifts of c. \$1,000 rather than smaller regular giving, due to minimum fees (see below).** We will continue to monitor demand for smaller

regular giving and may advise of an alternative route through CAF America in future. We will need the alternative route anyway if we exceed \$100,000 in total donations during any calendar year.

- For each single donation there is a **processing fee of 8% with a minimum fee of \$80**. This is why we recommend only large donations at this stage. The fee appears high – but donors find the tax benefit of making such donations outweighs the fee.
- Here is an outline of how the process works, which can take 3-4 weeks:



- Donations can be made online through CAF America's website, or via cheque, wire transfer or private foundations. Step-by-step details can be found in the [Guide To Donating Via CAF America for US Taxpayers](#). Donors wishing to use a third-party fund (eg Vanguard Charitable) in conjunction with CAF America should contact me separately, as the process and fee structure is different.
- Clearly, our hope is to **facilitate new/additional giving** for the chaplaincy – not just to provide a tax benefit for the US donor. That is to say, if a US donor is currently giving a non-tax-deductible amount of \$1000 *directly* to the chaplaincy or diocese, then there is no benefit if they now give that same \$1000 via CAF America: 1) There is an 8% fee per donation, which means that the \$1000 donation is now only worth \$920 to the chaplaincy; 2) It increases the workload for the diocesan team for no real benefit. I have included some wording in the **Guide To Donating Via CAF America for US Taxpayers** to address the hope for increased giving (and at the very least to cover the 8% fee). This may need refining.
- Some initial wording for chaplaincy communications below. You can offer the [Guide To Donating Via CAF America for US Taxpayers](#) to donors – and/or direct them to me.

US tax-deductible donations

We are pleased to announce that one-off donations* made by U.S. taxpayers can qualify for tax deductions under IRS guidelines. This means your generous support not only helps us resource our mission and ministry, but also offers you a valuable tax benefit.

To qualify for a tax deduction, donations must be made to the **Diocese in Europe** via the **Charities Aid Foundation (CAF) America**, a registered IRC 501(c)(3) tax-exempt organisation in the USA. Your gift will be restricted to the work of our chaplaincy and you will receive an official IRS tax receipt from CAF America to include with your tax return.

The Diocese in Europe has produced a guide for anyone who is interested in making a donation in this way – and they are happy to be contacted if you would like to discuss the scheme with someone. Please see [Treasurer] for more information.

Thank you for your continued support and generosity.

(*Please note that this scheme is currently most effective for donations over \$1000.)