



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

To: September 11 Disaster Relief Charities

From: Steven T. Miller
Director, Exempt Organizations Division

Date: February 2002

Subject: Recent Developments Affecting September 11 Disaster Relief Charities

Many September 11 disaster relief organizations have questions relating to the distribution of funds to victims. The IRS is also concerned with these issues and wants to help ensure that these funds are distributed in a timely and efficient manner. We want to alert you to recent developments for charities providing disaster relief to victims of the September 11, 2001 terrorist attacks and to provide you with tips and resources to help you accomplish your charitable mission. In light of the considerable funds contributed for September 11 disaster relief and the importance of the issues involved, please be aware that as relief efforts progress we will be reviewing information returns from your organization and contacting at least certain organizations for additional information about activities.

**Special Rules for Charities Aiding Victims of September 11 Attacks
and their Families**

Under the Victims of Terrorism Tax Relief Act of 2001 enacted by Congress, tax-exempt charities making payments "by reason of the death, injury, wounding, or illness of an individual incurred as the result of the terrorist attacks against the United States on September 11, 2001, or an attack involving anthrax occurring on or after September 11, 2001 and before January 1, 2002," are not required to make a specific assessment of need before giving out aid. Rather, the charity may make proportionate distributions to recipients within a charitable class using a pro-rata distribution provided payments are made in good faith using a reasonable and objective formula which is consistently applied. The Act also describes circumstances whereby private foundations may distribute qualified disaster relief assistance to employees even if the employer is in control of the charity.

Detailed guidance about how to apply these special rules and information about using charitable organizations to help victims of disasters is available in the IRS publication, *Disaster Relief: Providing assistance through charitable organizations*, on the web at www.irs.gov. You may also request the publication by calling (877) 829-5500 (toll-free).

As a charity, consider the following in your operations:

Establish criteria for providing assistance to victims and their families.

Keep written records to show who received your assistance, in what amount, and for what purposes.

You must provide written substantiation and disclosure information to donors to help them in claiming tax-deductible contributions. Publication 1771, *Charitable Contributions Substantiation and Disclosure Requirements*, available on our web site, describes these rules. You may wish to let your donors know they can confirm that the IRS has recognized you as eligible to receive tax-deductible contributions. Donors may call the IRS Exempt Organizations Customer Account Services toll-free phone line (877) 829-5500 or check the IRS web site at www.irs.gov.

As a public charity that has gross receipts of \$25,000 or more, you must file an annual Form 990 or Form 990-EZ in which you describe your programs and disclose financial information for the year. As a private foundation, you must file Form 990-PF annually regardless of your gross receipts. The Form 990 (or Form 990-PF) should separately identify September 11 disaster relief programs and expenditures that are subject to the new rules. The form is due by the 15th day of the 5th month after the end of your organization's accounting period.

To the extent you can, you may also consider coordinating your activities with other relief organizations to help ensure that victims receive all the kinds of assistance they may need and to help avoid duplication. For example, you may contact the New York State Attorney General's office, which is undertaking to coordinate World Trade Center relief efforts, at (212) 416-8400 (not a toll-free number) or on the web at www.oag.state.ny.us, your state charity official at www.nasconet.org, or your state attorney general at www.naag.org.

You may also inform applicants about other relief opportunities for which they may qualify. For example, eligible individuals may not know about the September 11th Victim Compensation Fund of 2001, which was created by Congress to provide financial aid to victims and families of victims. Additional information about this program is available from the Department of Justice (DOJ) by calling (800) 331-0075, or by visiting the DOJ web site at www.usdoj.gov.

Additional Help on Disaster-Related Topics

Publications -- To order free IRS publications and forms, call the IRS at (800) 829-3676 or download IRS publications and forms at www.irs.gov.

- *Disaster Relief: Providing assistance through charitable organizations* (available only on the web at www.irs.gov)
- Publication 1771, *Charitable Contributions Substantiation and Disclosure Requirements* (available only on the web at www.irs.gov)
- Publication 526, *Charitable Contributions*
- Publication 547, *Casualties, Disasters and Thefts (Business and Non-Business)*
- Publication 557, *Tax-Exempt Status for Your Organization*
- Publication 950, *Introduction to Estate and Gift Taxes*
- Publication 1600, *Disaster Losses – Help From the IRS*
- Publication 2194, *Disaster Assistance Kit*
- Notice 2001-78, *Disaster Relief Distributions by Charities to Victims of September 11, 2001 Terrorist Attacks* (available only on the web at www.irs.gov)

Telephone Assistance --.

- (877) 829-5500 (toll-free number)
8:00 a.m. – 6:30 p.m. Monday through Friday EST
IRS Exempt Organizations Customer Account Services
Tax information specific to exempt organizations
- (800) 829-1040 (toll-free number)
IRS Customer Service
General tax information

September 11 Charity Contacts --.

- (202) 283-2300 (not a toll-free number)
Marvin Friedlander or Janet Gitterman
Exempt Organizations Technical Staff
Tax information specific to September 11 disaster relief charities

Updates – The IRS is interested in keeping you informed about new developments. If you are interested in receiving such updates, please send an e-mail to the Exempt Organization Customer Education & Outreach Office at tege.eo.ceo@irs.gov. Please include your:

- Name
- Organization
- Address
- Phone number
- E-mail address