



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

COMMISSIONER

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The Honorable Jim Ramstad
Chairman, Subcommittee on Oversight
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am responding to your letter dated November 2, 2006, about the new rules for substantiating charitable contribution deductions of a cash, check, or other monetary gift. You asked for guidance on how individuals can substantiate contributions made by payroll deduction in compliance with the new rules in section 1217 of the Pension Protection Act, codified in section 170(f)(17) of the Internal Revenue Code (the Code).

The regulations under section 170(f)(8) of the Code allow taxpayers to substantiate contributions of \$250 or more made by payroll deduction with a pay stub, Form W-2, or other document the employer furnished showing the amount withheld for payment to the charity, together with a pledge card or other document prepared by or at the direction of the charity (section 1.170A-13(f)(11) of the Income Tax Regulations). You suggested that the same treatment should apply to contributions made by payroll deductions for purposes of the new rules under section 170(f)(17) of the Code.

I am pleased to tell you that the Internal Revenue Service and the Treasury Department have just issued guidance in Notice 2006-110 to address your concerns. The guidance provides that the same documents we currently accept to substantiate contributions of \$250 or more made by payroll deduction under section 170(f)(8) of the Code will satisfy the requirements of section 170(f)(17). For your convenience, I am enclosing a copy of the notice, issued on December 1, 2006.

I hope this information is helpful. If you have any questions please call me or contact
, Office of Chief Counsel, Income Tax and Accounting Division, at

Sincerely,

Mark W. Everson

Enclosure