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

OFFICE OF THE CHIEF COUNSEL

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UIL: 408.06-00

The Honorable Lois Capps
Member, U.S. House of Representatives
1411 Marsh Street, Suite 205
San Luis Obispo, CA 93401

Attention:

Dear Representative Capps:

I am responding to your inquiry dated March 23, 2016, on behalf of your constituent, . asked about the rules for qualified charitable distributions (QCDs) described in section 408(d)(8) of the Internal Revenue Code (Code).

A QCD is a distribution from an individual retirement arrangement (IRA) directly to a qualified charitable organization after the IRA owner reaches age 70½. The IRA owner can exclude up to $100,000 of the distribution from income.

The QCD provision was added to the Code in 2006 as a temporary provision that was effective for only 2006 and 2007. Congress has extended it several times since 2007, with the last extension expiring in 2014. However, the Protecting Americans from Tax Hikes Act, enacted December 18, 2015, made the provision authorizing QCDs permanent.

To be excludable from income, or “tax-free,” a QCD must be transferred directly to the qualified charitable organization. The trustee can do this, or the issuer in the case of an individual retirement annuity, by wiring the funds or sending a check to the charity. Alternatively, the trustee or issuer can issue a check made payable to the charity and give it to the IRA owner for delivery to the charity. You can find more information on QCDs in Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs),* which is available on our website at www.irs.gov/publications/p590b.

I hope this information is helpful. If you have questions, please call me or at .

Sincerely,

Joyce Kahn
Acting Branch Chief, Qualified Plans Branch 4
(Employee Benefits)
(Tax Exempt and Government Entities)