



*This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.*

## **The Rules for Giving Small Items in Return for a Contribution - 2024**

Remember that tote bag you got when you made a donation to public radio? Did you know that the IRS cares about the value of that bag? According to the IRS, if something of value is given to a donor in exchange for the donation (a “quid pro quo”), then the donor can only take a tax deduction for the amount of the donation less the value of the item given. But the IRS makes an exception to this requirement if the item is considered a “low cost article”. If the donor only receives a low-cost article (like a tote bag) in exchange for a donation, then the donor can deduct the full value of the donation. What is a “low-cost article” depends upon the amount of the donation and the cost of the article itself. The IRS adjusts these amounts each year for inflation.

In 2024, if a donor makes a donation of \$66.00 or more and only receives in return a token item with the donee’s logo that costs not more than \$13.20 (such as a mug or a pen), then the item is considered a low-cost article and the donor can deduct the full value of his or her donation.

Further, in 2024, if the donor receives something in return for a donation and the cost of that item is not more than 2% of the donation or \$132 (whichever is less), then the donor can deduct the full value of his or her donation.

If your nonprofit is providing donors with an item in return for a donation, you will need to determine whether such item qualifies as a low-cost article. If the item qualifies, then it’s a good idea to include the following in your fundraising materials: “Under IRS guidelines, the estimated value of the benefits received is not substantial; therefore, the full amount of your payment may be a deductible contribution.”

If the item does not qualify as a low-cost item then you will need to treat it as a quid pro quo donation and include the additional language in your acknowledgment. See our article, [Guide to Sending Acknowledgements for Donations](#), for guidance on acknowledging quid pro quo donations. In addition, if the item given in return for a donation does not qualify as a low-cost item then the transaction may be considered to be a purchase rather than a donation. For example, if someone pays \$20 and receives a t-shirt in return, it looks like the person bought a shirt rather than made a donation. If a nonprofit regularly engages in such transactions, then it may have to pay unrelated business tax on the income from such purchases. For more information, see [UBIT: Four Letters Your Nonprofit Needs to Know](#).

Dated: January 3, 2024

[www.pbpatl.org](http://www.pbpatl.org)

© 2024 Pro Bono Partnership of Atlanta, Inc.