



The Federal Bill Emerson Good Samaritan Food Donation Act

On October 1, 1996, President Clinton signed this act to encourage donation of food and grocery products to non-profit organizations for distribution to individuals in need. This law:

- Protects you from liability when you donate to a non-profit organization;
- Protects you from civil and criminal liability should the product donated in good faith later cause harm to the recipient;
- Standardizes donor liability exposure. You or your legal counsel do not need to investigate liability laws in 50 states; and
- Sets a floor of "gross negligence" or intentional misconduct for persons who donate grocery products. According to the new law, gross negligence is defined as "voluntary and conscious conduct by a person with knowledge (at the time of conduct) that the conduct is likely to be harmful to the health or well-being of another person."

The full text of the bill is available at: www.feedingamerica.org

Allowable Deductions for Charitable Donations of Inventory

The general rule since 1969 states that a taxpayer who contributes appreciated inventory or certain other ordinary income property is permitted a charitable deduction only for an amount equal to the taxpayer's basis in the contributed property, not its fair market value.

Enhanced Deduction

In the 1976 Tax Reform Act, Congress further refined the statute to allow corporate donors an increased deduction, under certain circumstances, for contributions of ordinary income property to a public charity or to a private operating foundation.

Under IRC Section 170 (e) (3), a corporation is entitled to a deduction with respect to a contribution to a public charity or to a private operating foundation of appreciated property described in IRC Section 1221 (1) and (2). An existing tax provision allows only qualified c Corporation taxpayers (retailers, restaurants and food manufacturers) to take a charitable tax deduction for donations of fit and wholesome food to non-profit charitable organizations that serve the needy. The previous information should be used only as a guide.

Donors are advised to consult with their tax advisor in applying the appropriate deduction.

SOURCE: Information reproduced from www.FeedingAmerica.org