



March 13, 2015

The Honorable Peter Roskam
2246 Rayburn House Office Building
United States House of Representatives
Washington, DC 20515

Dear Representative Roskam:

On behalf of the members of National Taxpayers Union (NTU), I write to express our support for H.R. 1104, the "Fair Treatment for All Donations Act." This legislation would protect donations to 501(c)(4), (c)(5), and (c)(6) organizations from being subject to the federal gift tax.

Since the enactment of the federal gift tax in 1932, the Internal Revenue Service (IRS) has arbitrarily applied the law to donations for tax-exempt organizations. The tax was temporarily applied to such contributions in the 1960s, but halted after several Circuit Courts of Appeal found that they were "...simply not 'gifts' within the meaning of the gift tax law." In 1982, the IRS re-instated application of the gift tax to many tax-exempt organizations, but did not enforce it until 2011 when the agency selectively conducted gift tax audits of targeted individuals who had made donations to a particular 501(c)(4) organization. Congressional inquiries again brought a halt to the audits, but left taxpayers with no further certainty as to how the tax will apply in the future.

The IRS has been marred by recent controversies in which, to many taxpayers' concern, the agency appears to have abused its powers for political ends. These instances include the release of confidential donor information of a tax-exempt organization, discriminating against certain political groups in the tax-exempt application process, and attempts to limit the activities of 501(c)(4) organizations. IRS Commissioner John Koskinen was right when he stated, "Taxpayers need to be confident that they will be treated fairly, no matter what their background or affiliations." H.R. 1104 would be an important first step to further shield taxpayers from potential IRS overreach and ensure the Tax Code is uniformly applied.

NTU regards the gift tax as a pernicious form of double taxation that unfairly punishes generosity and community involvement. We support its repeal. Until then, it is important that Congress take action to prevent further misuse of the tax code to limit First Amendment activities. NTU is pleased to endorse H.R. 1104, the "Fair Treatment for All Donations Act" and urges all Representatives to work toward its swift enactment.

Sincerely,

 

Nan Swift
Federal Affairs Manager