



## **How did Donate to a Colorado Nonprofit Fund start?**

For many years, Coloradans have been able to donate their state income tax refund to a list of organizations and funds named on the Voluntary Contributions schedule. To provide taxpayers with the opportunity to choose among more nonprofits, Colorado Nonprofit Association spearheaded a new law that the Legislature adopted in 2018. The law allowed time for start-up preparation and Donate to a Colorado Nonprofit will begin in tax year 2019, filing year 2020.

## **What are the benefits to a local nonprofit?**

Donate to a Colorado Nonprofit Fund provides local nonprofits with an opportunity to tell the story of their impact and to ask for community support during tax season. The nonprofit does not have to administer or process the donations. This new program creates a new system of charitable giving in Colorado and provides Coloradans with another opportunity to fund a nonprofit doing good work in their community.

## **Are ReFUND CO and Donate to a Colorado Nonprofit Fund the same thing?**

"ReFUND CO" is the name of a campaign that will make Coloradans aware of this new opportunity to donate their state income tax refund to an eligible nonprofit. We use the term "refunder" in these FAQ's to refer to someone making a donation. "Donate to a Colorado Nonprofit Fund" is the name designated by the legislation that created this new program. We use "Donate to a Colorado Nonprofit" when we refer to requirements stated in the legislation.

## Why is the nonprofit's Colorado Charitable Solicitations Act (CCSA) registration number required?

With thousands of nonprofit organizations eligible, it would take a lot of time for the Department of Revenue's processing system to accurately determine what nonprofit the taxpayer intended due to the possibilities of misspellings or incomplete or incorrect names. In addition, only nonprofits registered under the Colorado Charitable Solicitations Act (CCSA) for five years are eligible. When a nonprofit registers, the Secretary of State assigns a CCSA registration number to that nonprofit. The Department of Revenue has programmed the CCSA registration numbers for all eligible nonprofits into its computer system. A donation to any ineligible nonprofit not in the system will be void and returned to the taxpayer.

## How is a nonprofit eligible?

Eligible nonprofits must be registered under the Colorado Charitable Solicitations Act (CCSA) for at least five years to be eligible and be current on their registration as of September 1, 2019. Not every nonprofit meets these criteria. Nonprofits that raise gross revenue of less \$25,000 a year from donations are not required to register under the CCSA. The CCSA also exempts organizations that have fewer than ten donors and that are churches under federal law: [www.sos.state.co.us/pubs/charities/FAQ/registration.html](http://www.sos.state.co.us/pubs/charities/FAQ/registration.html). Because they are not required to register, any unregistered exempt organizations are not eligible.

## Can I split my refund between more than one nonprofit?

A refunder can only choose one nonprofit to write in for Donate to a Colorado Nonprofit Fund. The refunder may also give part of their refund to one or more of the named organizations or funds listed on the Voluntary Contribution schedule.

## Do I have to give away my entire refund amount?

No, the refunder may donate as much or as little of their refund as they wish.

## **What does a refunder need to provide to make the donation?**

Refunders must write in three items to make the donation: the nonprofit's name, the nonprofit's complete Secretary of State Charitable Solicitations Act registration number, and amount of the donation.

## **What happens when a refunder donates an amount greater than their refund?**

The amount in excess of their refund is void. The Department of Revenue will not credit the nonprofit's account with the entire amount of the attempted donation and then bill the taxpayer for the difference.

## **If a taxpayer does not get a refund but instead must submit a payment for taxes due, can the taxpayer pay an additional amount and donate that amount through Donate to a Colorado Nonprofit Fund?**

No. The Department of Revenue rules prohibit a donation if the taxpayer owes a tax payment when filing.

## **What are the Department of Revenue's administrative costs and will they be subtracted from a donation?**

For the first year, Colorado Nonprofit Association raised funds from foundations, nonprofits and individuals to pay for the Department of Revenue's computer system set-up costs and initial staffing to administer the program. The Department of Revenue's ongoing administrative costs primarily consist of the time it takes to correct errors made by taxpayers. The Department of Revenue is allowed to deduct its actual administrative costs from the total of all donations made through Donate to a Colorado Nonprofit, but it does not get a percentage of the donations.

## **Will the refunder receive a thank you or acknowledgment from the nonprofit of their choice?**

Individual taxpayer information is confidential and the Department of Revenue cannot send the names of taxpayers to nonprofits under current law. Therefore, the nonprofit will not know who its donors are and will not send a specific thank you to the refunder. The refunder can always tell the nonprofit that they donated.

## **Because the donor will not receive a confirmation from either the Department of Revenue or the nonprofit, how will the refunder know that their donation got to the nonprofit they chose?**

The Department of Revenue will report the total donations to all nonprofits as a whole through Donate to a Colorado Nonprofit Fund, and has privacy concerns about reporting the amounts donated to individual nonprofits. The Department of Revenue's systems are designed to accurately credit each donation to the designated nonprofit. The Department of Revenue periodically tests and audits the accuracy of the systems.

## **Why are nonprofits located outside of Colorado eligible under Donate to a Colorado Nonprofit Fund?**

Any nonprofit that solicits charitable donations in Colorado and that does qualify to be exempt must register under Colorado law regardless of where they are located. For example, a university located in another state may solicit alumni living in Colorado. In general, that university must register under Colorado law. In addition, some chapters that operate in Colorado are registered at the address of their organization's main headquarters. Examples include Salvation Army, American Heart Association and Anti-Defamation League. Narrowing eligibility to a registered address in Colorado would have excluded these national chapters that operate in many communities in Colorado.

## **Can a refunder deduct the amount of their Donate to a Colorado Nonprofit Fund donation from their federal taxable income?**

Yes, for the year in which they make the donation. Taxpayers file their 2019 taxes in 2020. The Donate to a Colorado Nonprofit Fund donation occurs when they file in 2020. If the taxpayer is itemizing on their federal return, they may claim the deduction then. If the taxpayer needs an acknowledgement from the nonprofit to substantiate the deduction, the taxpayer will need to contact the nonprofit and submit anything the nonprofit deems sufficient to demonstrate that the taxpayer gave a donation to the nonprofit from their refund. One means of substantiation would be submitting the completed voluntary contribution form to the nonprofit, but it will be up to the nonprofit to determine what is sufficient. It's a good idea to consult with a tax professional if a taxpayer intends to claim a deduction.

## **Can the taxpayer receive a Child Care Contribution or Enterprise Zone state income tax credit for a donation made through Donate to a Colorado Nonprofit Fund?**

The Child Care Contribution or Enterprise Zone statutes require the nonprofit to issue a certificate to any taxpayer claiming these state income tax credits. Because the nonprofit will not receive the names of donors through Donate to a Colorado Nonprofit Fund from the Department of Revenue, the taxpayer will have to demonstrate to the nonprofit that they made a donation that could qualify for Child Care Contribution or Enterprise Zone tax credit. The taxpayer could do so by submitting a copy of their Voluntary Contributions form to the nonprofit or any other evidence satisfactory to the nonprofit.