

### **Guidance on Charitable Giving for Muslim American Donors**

During the holy month of Ramadan and throughout the year, Muslim Americans open their hearts and wallets to support vital humanitarian efforts to aid their fellow human beings at home and abroad. It is important to donate, and we encourage Muslim Americans to donate generously.

In this post-September 11<sup>th</sup> environment, however, we recognize that Muslim Americans, who want to donate to Muslim charitable organizations and support worthy causes, fear that their donations will be frozen by the US government or that they may become the target of federal investigations. Charitable giving must be mindful of the laws and this environment, but Muslim American donors can take steps to select reputable and effective charitable organizations and ensure that donations go to the charitable causes they are intended.

To address these concerns and assist donors, Muslim Advocates issues this guidance:

- **Consider donating to US-registered tax exempt charitable organizations:** If an individual donor seeks to claim a charitable contribution on the donor's tax returns, the donation must be made to a U.S.-registered charity that has been granted 501(c)(3) tax exempt status. (To determine if the organization is a U.S.-registered tax exempt charity, ask the organization, visit its website, or go to [www.guidestar.org](http://www.guidestar.org), an online database of IRS-recognized charities.)
- **Make Your Intent Clear:** When making a charitable contribution, the donor should make his or her intention to support a specific humanitarian effort or program clear by indicating in writing – e.g., make a notation on the memo line of the check that the donation is intended for feeding the hungry, disaster relief or other charitable projects.
- **Keep Records:** Keep a copy of the cancelled check, bank statement or other written documentation of the charitable contribution, as well as written information from the charitable organization about the program or charitable project that the donor is supporting. The charitable organization should provide the donor with a receipt or acknowledgement of the donation, which the donor should maintain.
- **Exercise Due Diligence When Choosing Charities to Support:** When selecting charities to support, donors should consider the following:
  - What needs – e.g., feeding the hungry, clothing the poor, immediate relief or reconstruction – does the donor seek to support and does the charitable organization have projects that meet those needs?

- Is it a U.S.-registered, tax exempt charity?
- Is the charity registered to do business in the country in which it works?
- If the donation is made to an organization that is not based, or does not have existing operations, in the country of the aid recipients, has the organization provided adequate information on the name, qualifications, and experience of the entity that will actually be providing the aid to the recipients?
- What proof will the donor receive that the funds were used for the purpose the donor intended?
- Is the charitable organization or any of its affiliates or subcontractors listed as a designated terrorist organization, or has it been notified by the government that it is under an active investigation by law enforcement?
- To learn more about a charity and its business practices, a donor can review the organization's annual report, IRS Form 990, financial statements, and audit reports. Organizations typically make this information available on their websites.

➤ Use Caution When Engaging in Overseas Wire Transfers:

- If transferring funds to a bank account overseas, the donor should verify that the receiving bank is a legitimate bank and that it is not on a sanctions list.
- Wire transfers to accounts overseas, especially to the Muslim world, are potentially subject to increased scrutiny from federal law enforcement officials. To avoid undue scrutiny of legitimate charitable giving, the donor may want to consider making a contribution to a qualified U.S.-registered charity.

By following this guidance, Muslim Americans can feel increased comfort that their generous donations will go to the poor and needy who need their help. We can also ensure that effective charitable and relief organizations receive the support they deserve.

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For more information about these issues, please contact Muslim Advocates Counsel, Akil Vohra, at 415-692-1484, or visit our website: [www.muslimadvocates.org](http://www.muslimadvocates.org).

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