

## **§1400 TUITION VERSUS CHARITABLE CONTRIBUTION**

**1401.1. Policy** The Archdiocese of Chicago shall comply with Revenue Ruling 83-104 in determining whether a payment to a private school is deductible as a charitable contribution.

### ***Procedures***

- a) To be deductible as a charitable contribution, the payment to a private school must be a voluntary transfer made without any expectation of procuring a financial benefit. Admission to the school cannot be contingent upon the making of the payment, nor can the payment be made pursuant to a plan to convert nondeductible tuition into charitable contributions.
  
- b) Revenue Ruling 83-104 lists four factors, the presence of one or more of which creates a presumption that the payment is not a charitable contribution:
  - 1) a contract under which the taxpayer agrees to make a "contribution" and the taxpayer's child is admitted to the school;
  - 2) a plan allowing the taxpayer either to pay tuition or to make "contributions";
  - 3) the designation of a contribution for the direct benefit of a particular individual;
  - 4) the otherwise unexplained denial of admission or readmission to a school of children of taxpayers who are financially able to contribute, but who do not contribute.
  
- c) In addition, the ruling states that a combination of the following factors may indicate that a payment is not a charitable contribution:
  - 1) the absence of a significant tuition charge;
  - 2) substantial or unusual pressure to contribute applied to parents of children attending a school;
  - 3) contribution appeals made as part of the admission or enrollment process;
  - 4) the absence of major potential sources of revenue for operating the school other than contributions by parents of students;
  - 5) other factors suggesting that a contribution policy has been created to avoid characterizing the payments as tuition.