



CITY OF CAMBRIDGE
Finance Department
City Hall, Cambridge Massachusetts 02139

Administration 349-4212
Tax/Utility Coll 349-4220
Treasury 349-4212
Payroll 349-4290

To: Robert Healy

From: Louis DePasquale *LD*

Date: February 6, 2013

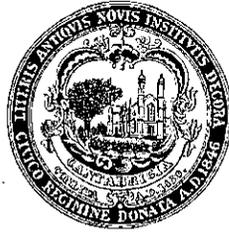
Re: Response for the tax deductibility of Scholarship Donations

The following is in response to the Council Order awaiting report 12-148 regarding the inclusion of "donations are tax-deductable" in the Annual Scholarship Fund solicitation letter. Based upon the attached recommendation from the City Solicitor, it is in the City's best interest to refrain from including this phrase in our annual solicitation letters. The Finance department will continue to advise citizens to seek the assistance of a tax professional. If you have any further questions, please contact me directly.

Nancy E. Glowa
City Solicitor

Arthur J. Goldberg
Deputy City Solicitor

Vali Buland
First Assistant City Solicitor



Assistant City Solicitors

Paul S. Kawai
Elizabeth A. Lashway
Samuel A. Aylesworth
Amy L. Witts

CITY OF CAMBRIDGE

Office of the City Solicitor
795 Massachusetts Avenue
Cambridge, Massachusetts 02139

February 11, 2013

Robert W. Healy
City Manager
City Hall
Cambridge, MA 02139

Re: Awaiting Report No. 12-148 Re: Report on Including Information in The Solicitation Letters That Donations to the Scholarship Fund are Tax-Deductible

Dear Mr. Healy:

In response to the above-referenced Awaiting Report you have asked us to review the question of whether it would be appropriate to advise citizens in solicitation letters as to whether donations to the City, such as contributions to the Scholarship Fund, are tax-deductible. As in the past, we recommend that the City not advise citizens on whether a donation to the City, in this case, to the Scholarship Fund, would be tax-deductible.

As you may recall, the City Solicitor's Office has reviewed this issue in other contexts consistently with the approach recommended here. On a related note, this office rendered an opinion in February 1991 opinion to you, the Personnel Director and the City Treasurer wherein the City Solicitor recommended against the City advising employees who did not participate in the City's retirement systems as to their tax obligations. In 2009, this office was asked by the City Treasurer whether a donation of catered food for a Go Green event from Whole Foods would qualify for a tax deduction. We advised the Treasurer at that time that because the IRS Code is very complicated, it would not be advisable for the City to analyze particular donors' tax obligations, and that to answer this question would require an analysis as to whether under the IRS Code, Whole Foods' donation was used for "exclusively public purposes." Among other issues, an analysis of whether a donation to the Scholarship Fund would be tax-deductible would likely be necessary under that same standard, as the IRS Code may be amended from time to time, and possibly under state tax laws.

We believe that the better practice would be to advise citizens that they should seek the help of professionals who are trained to provide advice with respect to the rights and obligations of individual taxpayers under relevant tax code provisions, such as C.P.A.s, tax attorneys and accountants, to determine their tax obligations.

Should you have any further questions, please do not hesitate to contact me.

Sincerely,

Nancy E. Glowa
City Solicitor