



IRS Guidance for Arranging and Reporting Qualified Charitable Distributions from an IRA

In this article, we will hear from guest contributor Lita (“Lee”) Pelko, CFP®, Lead Adviser at [Rodgers & Associates](#) Wealth Advisers in my hometown of Lancaster, PA. Rodgers & Associates is an independent wealth management firm founded by Rick Rodgers and specializing in all aspects of investment, tax, risk management, retirement, and estate planning for high-net-worth individuals. I have followed Rick Rodgers and his team for years, and I appreciate their wisdom and insight. I think you will, too.

IR-2022-201, November 17, 2022

WASHINGTON — The Internal Revenue Service today reminded IRA owners age 70½ or over of their option to transfer up to \$100,000¹ to charity tax-free each year.

These transfers, known as qualified charitable distributions or QCDs, offer eligible older Americans a great way to easily give to charity before the end of the year. Moreover, for those who are at least 72,² QCDs count toward the IRA owner’s required minimum distribution (RMD) for the year.

How to set up a QCD

Any IRA owner who wishes to make a QCD for 2022 should contact their IRA trustee soon so the trustee will have time to complete the transaction before the end of the year.

Normally, distributions from a traditional individual retirement arrangement (IRA) are taxable when received. With a QCD, however, these distributions become tax-free as long as they’re paid directly from the IRA to an eligible charitable organization.

QCDs can be made electronically, directly to the charity, or by check payable to the charity.

An IRA distribution, such as an electronic payment made directly to the IRA owner, does not count as a QCD. Likewise, a check made payable to the IRA owner is not a QCD.

¹ The annual IRA QCD limit of \$100,000 will be indexed for inflation, effective for tax years after 2023.

² Beginning in 2023, the SECURE 2.0 Act raised the age that you must begin taking RMDs to age 73. The new law also provides that the RMD age will change again to 75 in 2033.

Each year, an IRA owner age 70½ or over can exclude from gross income up to \$100,000 of these QCDs. For a married couple, if both spouses are age 70½ or over and both have IRAs, each spouse can exclude up to \$100,000 for a total of up to \$200,000 per year.

The QCD option is available regardless of whether an eligible IRA owner itemizes deductions on [Schedule A](#). Transferred amounts are not taxable, and no deduction is available for the transfer.

Report correctly

A 2022 QCD must be reported on the 2022 federal income tax return, normally filed during the 2023 tax filing season.

In early 2023, the IRA owner will receive [Form 1099-R](#) from their IRA trustee that shows any IRA distributions made during calendar year 2022, including both regular distributions and QCDs. The total distribution is in Box 1 on that form. There is no special code for a QCD.

Like other IRA distributions, QCDs are shown on Line 4 of [Form 1040](#) or [Form 1040-SR](#). If part or all of an IRA distribution is a QCD, enter the total amount of the IRA distribution on Line 4a. This is the amount shown in Box 1 on Form 1099-R.

Then, if the full amount of the distribution is a QCD, enter 0 on Line 4b. If only part of it is a QCD, the remaining taxable portion is normally entered on Line 4b.

Either way, be sure to enter “QCD” next to Line 4b. Further details will be in the final instructions to the 2022 Form 1040.

Get a receipt

QCDs are not deductible as charitable contributions on Schedule A. But, as with deductible contributions, the donor must get a written acknowledgement of their contribution from the charitable organization, before filing their return.

In general, the acknowledgement must state the date and amount of the contribution and indicate whether the donor received anything of value in return. For details, see the [Acknowledgement section in Publication 526](#), available on IRS.gov.



For more information about IRA distributions and QCDs, see [Publication 590-B](#), also available on IRS.gov.

SOURCE: <https://www.irs.gov/newsroom/reminder-to-ira-owners-age-70-and-a-half-or-over-qualified-charitable-distributions-are-great-options-for-making-tax-free-gifts-to-charity#:~:text=There%20is%20no%20special%20code,1040%20or%20Form%201040%2DSR>