

Donating Professional Services to a Silent Charity Auction

Hi Fellow Sezzers:

What is your thought about donating my legal services to a charity for inclusion in their silent auction. e.g. If I usually charge \$500 for preparation of a Last Will & Testament and the various other related documents, does anyone see any problem with my providing my services (at no additional fee, of course) to the winning bidder?

As a separate, but related issue, would this be a tax-deductible contribution on my part to the charity? (I realize, of course, that the winning bidder may not be entitled to the tax write-off, since they would be getting services worth what they contributed to the charity).

Your thoughts are appreciated.

Check your state ethics rules and opinions. NY was, for a long time, against it, but just changed. NJ, I believe still does not allow it.

You should also be sure that you add a disclaimer in case additional services (a trust, or a more complex will) are necessary.

Justin Meyer, New York

Will this offer include a trust agreement and tax planning for my \$10 million estate? Do you need to limit/specify scope of your services? What if there is a conflict with the bidder?

I don't think it would be tax deductible because you have no tax basis in your services.

I have a friend who has done this several times. He tells me that the bid amount is so low, he will buy the gift for \$2-300 just to avoid the hassle of doing the work for such a little perceived value.

Jim Pardue, North Carolina

SoloSez Popular Threads, February 2014

Hey, very nice of you to offer that for the auction, but no, you do not receive a charitable contribution deduction for donated services or facilities pursuant to Sec. 170 of the Internal Revenue Code. And you are right, in most situations, the highest bidder at a charity auction is not entitled to a charitable contribution deduction either.

Brian Yacker, California

I think that, unless you are well known to the folks who will be bidding, that it's likely you will be disappointed.

We did a silent auction at a high school fundraiser. Most of the items were services or events by teachers and administrators. A few generous folks outside the school (friends of teachers, that sort of thing), offered various services; IIRC none of the services where the knowledge or skill of the service provider might be important were bid on.

Patrick W. Begos, Connecticut

I have donated estate planning packages to charitable events. None sold near the value. Regardless of the documentation provided at the event, it seems that a "single" estate planning package will be misperceived to apply to a husband and wife. Basically I stopped donating because it was a headache and did not appear to have the positive impact I hoped. I do notice that services in general are typically under-valued at auctions I have seen.

Regarding tax deductibility, if you are a cash basis taxpayer I don't think it is deductible at the federal level. However, no one here holds themselves out as a tax adviser. YMMV.

Darrell G. Stewart, Texas

Darrell Stewart's (San Antonio, Texas) experience mentioned in his first paragraph has been mine. I practice about 90 miles north of Darrell. It may just be the water in the area.

The subject line about donating professional services reminds me about being a member of a charitable organization's board of directors. My experience has been that many board members do not want legal advice and so the lawyer does not last long on the board as his/her comments are not well-received. I am sure there are exceptions to that observation.

Rob V. Robertson, Texas

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The hazards in this seem numerous. You have no opportunity to do a conflict check. You have no ability to screen the client for the usual things that make us turn people away. You cannot easily limit the scope of services.

Just seems like it will result in a thread entitled "No good deed goes unpunished".

Michelle Kainen, Vermont

I do this often lately. I was horrified to see at one auction that a full Trust package, \$4,000, went for \$1,200. Then, I considered this: I was doing it for free anyway and while I hoped it would raise more money than it did, it DID raise money for the group. I do this for three different groups and am VERY clear on what it covers and what it does not. For example, I learned for not being clear the first time, that out of pocket expenses [notary, recording fees...] were paid by ME. I look at it as a marketing tool and have had some mild success with that but it has only been two years.

No deduction for you, no deduction for them.

Eliz C.A. Johnson, California

I draw up a list of things included in the auction, the very specific documents [ie...ONE grant deed, others to be charged...]. No conflicts check, correct, but that has never been an issue because so many of these are one and done.

Eliz C.A. Johnson
