

TAXGUIDE

for charitable deductions



If you itemize your deductions, making a contribution to your favorite charity can help reduce your income taxes. Tax-deductible donations include cash, property, and your unreimbursed expenses as a volunteer. The records you need to support your deduction vary depending on the type and value of your donation. Before you make your next donation, check out the current tax rules.

CASH gifts

Contributions of cash under \$250 must be documented by a bank record (such as a cancelled check) or a detailed written receipt from the charity. Previously, such gifts could be documented by a simple record maintained by the taxpayer. This means that cash placed in an offering plate will no longer be deductible unless the charity provides you a receipt.

Although the rules for cash gifts of \$250 or more have not changed, remember that to be deductible such gifts require a written acknowledgment from the charity stating whether goods or services were provided in exchange for your gift. What's more, this receipt must be in hand before filing your tax return.

CLOTHING and household items

Gifts of used clothing and household items face additional scrutiny. Such items must be in "good used

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condition or better." Although the IRS has not defined the term "good used," you should try to document the condition of your gift. All non-monetary contributions require a detailed receipt from the charity. If the property is valued under \$250 and a receipt is not available, such as at unattended drop-off locations, reliable written records are still required.

OTHER GIFTS of property

■ Property gifts valued at \$250 or more are subject to the same rules as for cash gifts of that amount. In addition, the taxpayer must maintain a record of the donation, and the charity's receipt needs to provide a description of the donated property.

■ When it comes to gifts of artwork, vehicles, or items valued over \$5,000, special rules apply. Generally speaking, the more valuable the gift, the more complicated the requirements.

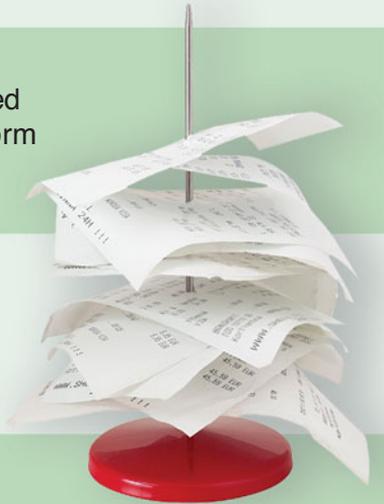
■ Real estate and art, including antiques and collectibles, are most likely to require professional appraisals. In addition, you will need to know how the charity plans to use your gift. It is best to check with us before you complete gifts of such assets, as well as gifts of business property.

■ Publicly traded securities that have appreciated in value can make excellent donations. You are generally allowed to deduct the full fair market value of the asset without reporting the appreciation to the IRS as income or capital gains.

■ Getting the best tax results for your donations requires planning and records. Call us if you are considering making sizable gifts to charities or other nonprofit organizations.

Getting the best
tax deductions
for your charitable
donations
requires planning

Type of Donation	Recordkeeping Requirements for Tax Deduction
Cash	<ul style="list-style-type: none"> • <i>Under \$250:</i> Bank record (e.g., cancelled check or credit card record) or receipt from charity.* • <i>\$250 or more:</i> Receipt from charity* plus valuation of goods and services received for donation, if any.
Payroll deduction	Pay stubs, W-2, or other written employer record, plus pledge card or other documentation from charity.
Used clothing & household items	Receipt from charity giving name and location of charity, plus date and description of donation. Taxpayer records must include value of donation and how determined. Items donated must be in “good condition or better” unless value of single donated item is over \$500 and qualified appraisal is attached to return.
Vehicles (cars, boats, airplanes)	For vehicles valued over \$500, charity will send Form 1098-C showing deductible amount (limited to sales proceeds received by charity). Attach form to your tax return. Rules vary if charity keeps or improves vehicle.
Other noncash donations	Requirements vary depending on type of asset and value. Generally need receipt from charity, and unless donating publicly traded stock, need a qualified appraisal if value of donated property is over \$5,000.
<p>* Receipt from charity must include name of organization, plus date and amount of donation.</p>	



This brochure gives a quick recordkeeping review for some common donations. The rules governing the tax deductibility of charitable contributions are filled with limitations and exceptions that cannot be easily or quickly summarized. For details that apply to your charitable giving, give us a call.

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