

## Deducting Charitable Contributions...A timely reminder

*Donations made to qualified organizations may help reduce the amount of tax you pay. But in order to actually be able to claim the deduction on your tax return certain factors must be present. In a timely reminder to donors the IRS recently published this list of eight key things to keep in mind when claiming a charitable deduction.*

1. If your goal is a legitimate tax deduction, then you must be giving to a “qualified” organization. Also, you cannot deduct contributions made to specific individuals, political organizations or candidates. (See IRS Publication 526, *Charitable Contributions*, for rules on what constitutes a qualified organization).
2. To deduct a charitable contribution, you must file IRS Form 1040 and itemize deductions on Schedule A. If your total deduction for all noncash contributions for the year is more than \$500, you must complete and attach IRS Form 8283, *Noncash Charitable Contributions*, to your return.
3. If you receive a benefit because of your contribution such as merchandise, tickets to a ball game or other goods and services, then you can deduct only the amount that exceeds the fair market value of the benefit received.
4. Donations of stock or other non-cash property are usually valued at the fair market value of the property. Clothing and household items must generally be in good used condition or better to be deductible. Special rules apply to vehicle donations.
5. Fair market value is generally the price at which property would change hands between a willing buyer and a willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.
6. Regardless of the amount, to deduct a contribution of cash, check, or other monetary gift, you must maintain a bank record, payroll deduction records or a written communication from the organization containing the name of the organization and the date and amount of the contribution. For text message donations, a telephone bill meets the record-keeping requirement if it shows the name of the receiving organization, the date of the contribution and the amount given.
7. To claim a deduction for contributions of cash or property equaling \$250 or more, you must have a bank record, payroll deduction records or a written acknowledgment from the qualified organization showing the amount of the cash, a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift. One document may satisfy both the written communication requirement for monetary gifts and the written acknowledgement requirement for all contributions of \$250 or more.

8. Taxpayers donating an item or a group of similar items valued at more than \$5,000 must also complete Section B of IRS Form 8283, which generally requires an appraisal by a qualified appraiser.

*For more information on charitable contributions, refer to Form 8283 and its instructions, as well as IRS Publication 526, **Charitable Contributions**. For information on determining the value of donations, refer to IRS Publication 561, **Determining the Value of Donated Property**. All are available at [www.irs.gov](http://www.irs.gov) or by calling 800-TAX-FORM (800-829-3676).*

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