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10 TIPS IN DEDUCTING CHARITABLE CONTRIBUTIONS

By Victor Sy, CPA

1. You may deduct donations to **qualified organizations**. Qualified organizations include corporations or foundations **organized in the U.S. for religious, charitable, educational, scientific, literary, or prevention of cruelty to children and animals**.
2. You **cannot** deduct contributions made to **specific individuals - priests, nuns, victims, and political organizations or candidates**.
3. File Form 1040 and itemize deductions on **Schedule A**.
4. 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.
5. **Clothing and household items** must generally be in good used condition or better to be deductible. Special rules apply to vehicle donations (see our separate newsletter).
6. Donations of **stock or other non-cash property** are usually valued at the fair market value of the property.
7. **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.
8. 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** (thank you letter) from the organization containing the name of the organization, the date of the contribution and amount of the contribution. For text message donations, a telephone bill will meet the record-keeping requirement if it shows the name of the receiving organization, the date of the contribution, and the amount given.
9. 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 and 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. If your total deduction for all noncash contributions for the year is over **\$500**, you must complete and attach IRS Form 8283, Noncash Charitable Contributions, to your return.
10. Taxpayers donating an item or a group of similar items valued at more than **\$5,000** must also complete Section B of Form 8283, which generally requires an appraisal by a qualified appraiser.