

Deducting Charitable Contributions

Donations made to qualified organizations may help reduce the amount of tax you pay. Considering these essentials will help ensure your contributions pay off on your tax return. As always, be sure to contact your tax professional for additional information.

- If your goal is a legitimate tax deduction, then you must be giving to a qualified organization. Contributions made to specific individuals, political organizations or candidates aren't deductible.
- If you receive a benefit because of your contribution (merchandise, tickets to a ball game or other goods and services), you can deduct only the amount that exceeds the fair market value of the benefit received.
- Clothing and household items must generally be in good used condition or better to be deductible. Special rules apply to vehicle donations.
- Donations of stock or other non-cash property are usually valued at the fair market value of the property.
- To deduct contributions of cash, check, or other monetary gift, you must maintain bank records, payroll deduction records or a written communication from the organization.
- If the contribution is \$250 or more, you must also have a written acknowledgment from the qualified organization showing the amount of the gift, a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift.
- 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.
- Taxpayers donating an item or a group of similar items valued at more than \$5,000 must generally obtain an appraisal by a qualified appraiser.

***A tax loophole is "something that benefits the other guy. If it benefits you, it is tax reform."
— Russell B. Long, U.S. Senator***