

IRS Tips for Charitable Taxpayers

The IRS has published a series of six tips that are designed to help charitable taxpayers. Both the Department of the Treasury and the IRS hope to enable donors to support various charities. The six recommendations will help donors to be certain that their gifts are deductible.

1. Tax Exempt Status.

A charity must be qualified under the IRS guidelines for a gift to be deductible. At www.irs.gov there is an "Exempt Organization Select Check" that allows donors to be certain the charity is qualified to receive deductible gifts.

2. Itemizing.

Your charitable gifts are deductible only if you itemize deductions on IRS Form 1040, Schedule A.

3. Fair Market Value.

Gifts of cash are deductible at face value. Gifts of appreciated stock, land and many other types of property are often deductible at fair market value. There are special rules for cars, boats, clothing and household items. If the charity gives value in return, such as goods, services, admission to a charity banquet or sporting event, that amount will reduce the value of your charitable deduction.

4. Good Records.

You need to maintain records of all donations. All cash gifts must be documented even if they are quite small. You should keep cancelled checks, bank or credit card statements, payroll deductions or a statement from the charity with its name, contribution, date and amount for your gifts.

5. Larger Gifts.

If your gift is \$250 and above, you must receive a receipt or written acknowledgement from the charity. The acknowledgement should state the amount of the gift and may include a description and fair market value for property gifts. It must state whether the charity provided goods or services for your gift. Non-cash gifts over \$500 require you to file IRS Form 8283, Non-Cash Charitable Contributions, with your Form 1040. If the non-cash property is over \$5,000 and is not a public stock, bond or mutual fund, you usually must obtain a property appraisal from a qualified appraiser who holds himself or herself out to the public for that purpose. In some cases, the appraisal must be attached to the return with a signed Form 8283.

6. Timing.

If you make a pledge, the gift will be deductible only when it actually is made. For example, a donor may make a pledge in November and then make the gift the following March. The gift is deductible in the year it is made. End-of-year donations by check or credit card are generally deductible in the year that they are made or placed in the U.S. mail.

Editor's Note: In nearly all cases, your charitable gifts will qualify for a substantial reduction in your taxes. For specific information, go to www.irs.gov and search for IRS Publication 526, Charitable Contributions. Valuation rules are available in IRS Publication 561, Determining the Value of Donated Property.