

Tax Time: Charitable Contributions and Deductions

By Nan Hayes for Caring Transitions

When moving or downsizing this spring, there is a good opportunity to demonstrate your altruistic side and donate items to charity. And while most donations are done selflessly, charitable deductions can be a big plus come tax season. To help with your 2012 tax filing and to help you receive the full benefit of your donations in 2013, we have put together a short list of items to consider.

Basic Information

First, be sure your donation is being made to a qualified organization. You can investigate an organization's qualifications by asking the organization itself, or by contacting the IRS at 1-877-829-5500 or going to the [IRS eligibility web pages](#). For more information regarding qualified and non-qualified parties, such as specific individuals and certain organizations, refer to [IRS Publication 526](#).

Most basic deductions can be completed using Form 1040 and completing a schedule an itemization. [IRS Publication 561](#) has more information about the value of deductions. To download tax forms and publications, visit www.irs.gov/formspubs or call 1-800-TAXFORM (18008293676).

Value of Deductions

Clothing and household items must generally be in good used condition or better to be deductible. [Goodwill](#) and the [Salvation Army](#) provide information regarding deductions on their websites and also a [value calculator](#) to help you determine the value of household goods donations.

Donations of property, stock or other non-cash property are usually valued at the fair market value of the property. 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. If you give property to a qualified organization, you generally can deduct the fair market value of the property at the time of the contribution.

Special rules apply to vehicle donations. The fair market value of vehicles such as cars, planes and boats, must be determined. Certain commercial firms and trade organizations publish monthly and seasonal guides containing dealer sale prices or

dealer average prices. These publications can usually be found at libraries, banks and credit unions. You can contact the Salvation Army at 1-888-999 ARMY for auto donations.

Disaster Relief

Tax laws provide help for victims of disaster who have experienced losses, especially those of a presidentially declared disaster who may, in fact, use their tax filing to obtain much-needed cash. Taxpayers who itemize are allowed by the Internal Revenue Service to deduct casualty losses. Individuals who contribute to disaster relief funds may deduct contributions for flood relief, hurricane relief, or other disaster relief to a qualified organization. Refer to [IRS Publication 3833, Disaster Relief: Providing Assistance through Charitable Organizations](#), for more information about disaster relief.

Cash and Monetary Contributions

To deduct contributions of cash, check or other monetary gifts, maintain a bank record or written confirmation from the organization. This confirmation or receipt must contain 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.

If you received a benefit from your contribution, the deduction will be limited to the amount of contribution *less* the value of the benefit. One example given by the IRS; You pay \$65 for tickets to a dinnerdance at a church. Your entire \$65 payment goes to the church. The ticket to the dinnerdance has a fair market value of \$25. When you buy your ticket, you know its value is less than your payment. To figure the amount of your charitable contribution, subtract the value of the benefit you receive (\$25) from your total payment (\$65). You can deduct \$40 as a charitable contribution to the church.

Large Deductions

To claim a deduction for contributions of cash or property equaling \$250 or more you must have a written acknowledgment from the qualified organization. A qualified acknowledgement generally must include the following three items of information: (1) the amount of cash that you donated and a description (but not the value) of any assets other than cash that were donated; (2) whether the charity provided you with any goods or services in exchange for the donation (other than intangible religious benefits); and (3) a description and good-faith estimate of the value of any goods or services provided by the charity in exchange for your donation. If you don't get a qualified acknowledgement, you cannot legitimately claim a deduction even if your donation was worth millions.

You should have the acknowledgment in hand on or before: (1) the date when you file your Form 1040 for the year you made the donation or (2) the due date (including any

extension) for filing that return, whichever is earlier. If you don't have a qualified acknowledgement in hand by the proper date, you will not be able to claim the deduction.

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.

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.

Find More Assistance

Your [tax professional](#) can provide the best specific information regarding your situation and your deductions.

[Caring Transitions](#) can also help you with record keeping and take a photographic, video or physical inventory of your donated items as we prepare your home for moving, sale or estate sale. We can also help you locate appropriate organizations, arrange for pick up, drop off or transfer of donated goods or refer you to a qualified appraiser for your high-value items.

Contact Us Today

About Caring Transitions

As life changes, it may become necessary to leave a familiar home and part with personal belongings in order to downsize and relocate to a smaller home or retirement community. At Caring Transitions, we help our clients understand the process, evaluate their options and make informed decisions that suit their best interests. We are committed to making each client's experience positive by minimizing stress and maximizing results.

Visit us online at www.CaringTransitions.com.

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