

## **Ten Tips for Deducting Charitable Contributions**

When preparing to file your federal tax return, don't forget your contributions to charitable organizations. Your donations could add up to a sizeable tax deduction if you itemize on IRS Form 1040, Schedule A.

Here are a few tips to ensure your contributions pay off on your tax return:

1. Contributions must be made to qualified organizations to be deductible. You cannot deduct contributions made to specific individuals, political organizations and candidates.
2. You cannot deduct the value of your time or services. Nor can you deduct the cost of raffles, bingo or other games of chance.
3. If your contributions entitle you to merchandise, goods or services, including admission to a charity ball, banquet, theatrical performance or sporting event, you can deduct only the amount that exceeds the fair market value of the benefit received.
4. Donations of stock or other property are usually valued at the fair market value of the property. Special rules apply to donation of vehicles.
5. Clothing and household items donated must generally be in good used condition or better to be deductible.
6. Regardless of the amount, to deduct a contribution of cash, check, or other monetary gift, you must maintain a bank record or a written communication from the organization containing the name of the organization, the date of the contribution and amount of the contribution.
7. To claim a deduction for contributions of cash or property equaling \$250 or more you must obtain 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 from the organization may satisfy both the written communication requirement for monetary gifts and the written acknowledgement requirement for all contributions of \$250 or more.
8. If you claim a deduction of more than \$500 for all contributed property, you must attach IRS Form 8283, Noncash Charitable Contributions, to your return.
9. 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 requires an appraisal by a qualified appraiser.
10. Contributions made for relief efforts in a Midwest disaster area receive special benefits. For more information, see Publication 4492-B, Information for Affected Taxpayers in the Midwest Disaster Areas.