

IRS Offers Nine Tips for Charitable Giving

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The IRS rewards the generosity of taxpayers who bestow charitable gifts on those who are less fortunate than they are. But there are plenty of “ins” and “outs” to the charitable deduction rules. To provide assistance to taxpayers, the IRS recently posted these nine tips to facilitate gift-giving.

1. If you want a tax deduction, you must donate to a qualified charitable organization. You cannot deduct contributions made to an individual, a political organization or a political candidate.
2. You must file Form 1040 and itemize your deductions on Schedule A. If your total deduction for all noncash contributions for the year is more than \$500, you must also file Form 8283, Noncash Charitable Contributions, with your tax return.
3. If you receive a benefit of some kind in return for your contribution, you can only deduct the amount exceeding the fair market value (FMV) of the benefit you received. A few examples of benefits you might receive in return for your contribution include merchandise, tickets to an event, or other goods and services.
4. Donations of stock or other noncash property are usually valued at their FMV. Used clothing and household items generally must be in good condition to be deductible. Special rules apply to vehicle donations. See your tax adviser for more details.
5. The FMV of property is generally the price at which someone can sell it.
6. You must have a written record of your donation in order to deduct any cash gift, regardless of the amount. Cash contributions include those made by check or other monetary methods. A written record can be a written statement from the organization, a bank record or a payroll deduction record substantiating your donation. The documentation should include the name of the organization, the date and dollar amount of the contribution.

Note: A telephone bill meets this requirement for text donations if it shows this same information.
7. To claim a deduction for gifts of cash or property worth \$250 or more, you must have a written statement from the qualified organization. The statement must show the amount of the cash or a

description of any property given. It must also state whether the organization provided any goods or services in exchange for the gift.

8. You may use the same document to meet the requirement for a written statement for cash gifts and the requirement for a written acknowledgement for contributions of \$250 or more.

9. If you donate one item or a group of similar items that are valued at more than \$5,000, you must also complete Section B of Form 8283. This section generally requires an appraisal by a qualified appraiser.

Finally, you can find more information on charitable contributions in IRS Publications 526 and 561 at www.irs.gov/pub/irs-pdf/p526.pdf and www.irs.gov/pub/irs-pdf/p561.pdf, respectively. If you have any other questions, do not hesitate to contact your Henry & Horne, LLP tax advisers.

Chuck Inderieden, CPA, PFS, Co-Managing Partner of Henry & Horne, LLP, possesses extensive knowledge in estate, gift and trust planning services for individuals, trusts, and small to medium-size businesses. He can be contacted at (480) 483-1170 or ChuckI@hhcpa.com.



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