Six Tips for Charitable Taxpayers

Contributing money and property are ways that you can support a charitable cause, but in order for your donation to be tax-deductible, certain conditions must be met. Read on for six things the IRS wants taxpayers to know about deductibility of donations.

1. **Tax-Exempt Status:** Contributions must be made to qualified charitable organizations to be deductible. Ask the charity about its tax-exempt status, or look for it on IRS.gov in the Exempt Organizations Select Check, an online search tool that allows users to select an exempt organization and check certain information about its federal tax status as well as information about tax forms an organization may file that are available for public review. This search tool can also be used to find which charities have had their exempt status automatically revoked.
2. **Itemizing:** Charitable contributions are deductible only if you itemize deductions using Form 1040, Schedule A.
3. **Fair Market Value:** Cash contributions and the fair market value of most property you donate to a qualified organization are usually deductible. Special rules apply to several types of donated property, including cars, boats, clothing and household items. If you receive something in return for your donation, such as merchandise, goods, services, admission to a charity banquet or sporting event only the amount exceeding the fair market value of the benefit received can be deducted.
4. **Records To Keep:** You should keep good records of any donation you make, regardless of the amount. All cash contributions must be documented to be deductible – even donations of small amounts. A cancelled check, bank or credit card statement, payroll deduction record or a written statement from the charity that includes the charity's name, contribution date and amount usually fulfill this record-keeping requirement.
5. **Large Donations:** All contributions valued at $250 and above require additional documentation to be deductible. For these, you should receive a written statement from the charity acknowledging your donation. The statement should specify the amount of cash donated and/or provide a description and fair market value of the property donated. It should also say whether the charity provided any goods or services in exchange for your donation. If you donate non-cash items valued at $500 or more, you must also complete a Form 8283, Noncash Charitable Contributions, and attach the form to your return. If you claim a contribution of noncash property worth more than $5,000, you typically must obtain a property appraisal and attach it to your return along with Form 8283.
6. **Timing:** If you pledge to donate to a qualified charity, keep in mind that for most taxpayers contributions are only deductible in the tax year they are actually made. For example, if you pledged $500 in September but paid the charity just $200 by Dec. 31 of that same year, only $200 of the pledged amount may qualify as tax-deductible for that tax year. End-of-year donations by check or credit card usually qualify as tax-deductible for that tax year, even though you may not pay the credit card bill or have your bank account debited until after Dec. 31.

Bottom line: your support of a qualified charitable organization may provide you with a money-saving tax deduction, but conditions do apply. For more information, see IRS Publication 526, Charitable Contributions, and for information on determining value, refer to Publication 561, Determining the Value of Donated Property. These publications are available at IRS.gov or by calling 800-TAX-FORM (800-829-3676).