

# Charitable Donations

Questions usually arise when deciding to make a donation to an organization. Here are some quick facts to be aware of when deciding to make that donation:

- Donations must be made to a qualified tax-exempt organization to be deductible. Ask the organization if it is a not for profit charitable organization.
- You must actually donate cash or property. A pledge or promise to donate in the future is not deductible until you actually pay or donate.
- Only taxpayers who itemize on their tax return are able to deduct charitable donations on their tax returns.
- Taxpayers are required to keep good recordkeeping of the donation in order to take the deduction on their return. (ie): Cancelled checks, bank or credit card statements, letter from the organization indicating date and amount of donation.
- Donations over \$250 to a single charity are deductible only if the taxpayer has supporting documentation, like an acknowledgement letter from the organization with the name of the charitable organization, the date and amount of the contribution.
- Donations (fair market value) of cars, boats or any other vehicles worth over \$500 will also need a written acknowledgment letter from the non-profit in order to claim the deduction.
- Non-cash donations over \$5,000 need a written appraisal of the property's fair market value.
- There are various **non-deductible** contributions that you cannot claim as a deduction on your tax return. They are as follows:
  - Political parties, campaigns, or action committees
  - Contributions to individual people
  - Fees or dues paid to professional organizations
  - Contributions to labor unions, chambers of commerce or business associations
  - Contributions to for-profit schools and hospitals
  - Contributions to foreign governments
  - Fines or penalties paid to local or state governments
  - **\*Value of your time for services rendered to a non-profit**

*\*\*\*Any out-of-pocket expenses incurred while volunteering your time to the charity, subject to substantiation requirements, may be taken as a charitable deduction.*