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How To Claim Charitable Donations When Filing Your Taxes

Many people deduct the value of their charitable donations from their taxes. The rules have changed, so here are the things you need to know to get the most out of your charitable donations while still protecting yourself in case of an audit.

Instructions

1. In order to claim a charitable donation, you must itemize your tax deductions. The donation must be given to a qualified non-profit organization and you must have actually donated the item; a pledge to donate doesn't count. You can find out if an organization is qualified, meaning they have 501(c)(3) status, by asking them, looking at the IRS Publication 78, or by calling the IRS tax help phone number.
2. There are limits to how much you can deduct. For a cash contribution, the limit is 50% of your adjusted gross income. For non-cash charitable donations, the limit is 30% and for appreciated capital gains assets, the limit is 20%. If you have been particularly generous and exceeded these limits, you are allowed to roll over part of your charitable contribution to the following year for up to 5 years.
3. When you make a donation, get the correct documentation. The IRS has become more strict about the documentation it requires for charitable donations. If you are audited, and you don't have sufficient proof that you made the donation, your claim will be denied.
4. For a cash charitable contribution you need to keep a canceled check, bank statement or credit card statement with the amount, the date the contribution was given and the name of the organization, no matter how much you donate. You should also keep any written letters or receipts from the organization acknowledging that they received your charitable donation. Instead of dropping money onto the collection plate at church, make a single, larger donation so that you can get a receipt and deduct this amount from your taxes.
5. For non-cash charitable contributions, you need to keep a record of the organization, the date of the donation, a description of the items and their fair market value. You should be able to back up the market value of the donation. This is as easy as making an itemized list of the things you have donated, their condition and what they are worth. You can also take a picture of the items to be on the safe side. Keep in mind that you can only deduct the value of the items if they are in good used condition or better. If your

donation is less than \$250, getting a receipt is recommended but not required. When you drop your items off, ask for a receipt and then staple the list of items and their values to the receipt.

6. If your non-cash donation is more than \$250, get a letter or receipt from the organization that includes a description of the items, whether you got any goods or services in return and an estimate of the value. You can avoid going over the \$250 limit by making several smaller donations throughout the year. If you donate a single item worth more than \$500, you need to be able to show how you got the item, the date you obtained it and how much it cost you. If your donation is over \$5000, you need a written appraisal. If the total value of all your non-cash donations is greater than \$500, then you also need to fill out IRS form 8283.
7. For intangible charitable donations, such as service, keep strict records of all your expenses and travel mileage. You can keep a notebook in your car and record the date, the name of the organization, the beginning and ending mileage, where you were going, what you purchased on behalf of the organization and how much it cost. If you think that you are going to go over the \$250 limit for any single organization, ask them to write you a quick letter verifying that you worked with them, the dates and what you did.
8. Make sure you claim every donation you made throughout the year. You may want to write your donations down in a notebook so you don't forget that you made them. Here are some examples of things that can be considered charitable donations. PTA dues, items donated to your child's school for a fund raiser, the amount of money held back by the YMCA from their consignment sale and any supplies needed to perform a service as long as the cost of the supplies was not reimbursed. You can't deduct the value of the time you give, but you can deduct the travel expenses. For example, a Boy Scout leader can deduct the cost of the gas used going to and from Boy Scout meetings or a flat rate of \$0.14 per mile.
9. Some of the tax preparation websites, such as Turbo Tax and TaxAct, have more information about the kinds of things that can be deducted from your taxes as a charitable donation. You can also visit the IRS website or call their tax help line. If you have many donations, it is a good idea to have your taxes done by a professional or use tax preparation software to make sure that you have all of the forms filled out correctly and completely.
10. If you made a cash contribution to help the victims in Haiti, a new law makes it possible to include these contributions on your 2009 tax return instead of waiting until 2010. You must have made the contribution to a qualified organization between January 11, 2010 and March 1, 2010. Get a receipt listing the organization, date and amount of the contribution for your records. If you made the donation by phone, you can save a copy of your phone bill. As long as the donation was made between the two dates listed above, you can claim it on your tax return as if it had been made on December 31, 2009

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