

SUBSTANTIATING CHARITABLE CONTRIBUTIONS BY INDIVIDUALS

There is an increased need to substantiate your charitable contributions. While all contributions must be substantiated, contributions of \$250 or more require a written receipt from the charity. If you donate property valued at more than \$500, additional requirements apply.

For a **contribution of cash, check**, or other monetary gift, regardless of amount, you must maintain a bank record or a written communication from the charitable organization showing its name, plus the date and amount of the contribution.

The **acknowledgement must include** the amount of cash, whether the charity provided any goods or services in consideration for the contribution, and a good faith estimate of the value of any such goods or services. If you received only "intangible religious benefits," such as attending religious services, in return for your contribution, the receipt must say so. This type of benefit is considered to have no commercial value and so doesn't reduce the charitable deduction available

For a **contribution of property** other than money, you generally must maintain a receipt from the charitable organization showing its name, the date and location of the contribution, and a detailed description and an estimated value of the property. No charitable deduction is allowed for any contribution of \$250 or more unless you substantiate the contribution by a contemporaneous written acknowledgement of the contribution by the charitable organization. You must have the receipt in hand by the time you file your return (or by the due date, if earlier) or you won't be able to claim the deduction. IRS may require a photograph.

Additional documentation is required: If the total charitable deduction you claim for non-cash property is more than \$500, you must attach a completed Form 8283 (Noncash Charitable Contributions) to your return or the deduction is not allowed. You are required to obtain a qualified appraisal for donated property with a value of more than \$5,000, and to attach an appraisal summary to the tax return. A qualified appraisal isn't required for publicly-traded securities for which market quotations are readily available. Additional documentation rules apply for donations over \$20,000 and \$50,000.

If you receive goods or services, such as a dinner or theater tickets, in return for your contribution, your deduction is limited to the excess of what you gave over the value of what you received. For example, if you gave \$100 and in return received a dinner worth \$30, you can deduct \$70. But your contribution is fully deductible if:

Cash contribution made through payroll deductions. A contribution that you make by withholding from your wages may be substantiated by a pay stub, Form W-2, or other document furnished by your employer that shows the amount withheld for the purpose of a payment to a charity.

Contributions of services substantiation: Although you can't deduct the value of services you perform for a charitable organization, some deductions are permitted for out-of-pocket costs you incur while performing the services. You should keep track of your expenses, the services you performed and when you performed them, and the organization for which you performed the services. Keep receipts, canceled checks, and other reliable written records relating to the services and expenses. For contributions of \$250 or more get a statement from the charity that contains a description of the services you provided and the date the services were provided.

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