

# 'Tis the Season for Giving

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- ▶ Charitable giving can provide you with a means of supporting tax-exempt groups you favor, as well as a tax deduction.
- ▶ This article reviews the criteria that the IRS requires you to follow.

In this season known for generosity toward others, you may want to consider supporting charitable causes dear to your heart. Support could certainly be in a financial form, but your time as a volunteer may also be appreciated by a charity (and you may derive more personal satisfaction from your contribution of time than of money). Your generosity may have a tax benefit too. This month we outline some of the factors to consider in your charitable giving decisions.

## The Basics

You may find it helpful to establish a charitable giving plan based on your financial resources and charitable goals.

Do you want to donate cash, personal property, or your time? Do you want to give smaller amounts to several different charities or larger amounts to fewer charities? Do you want to support certain causes and do you want to provide your support to the local community, nationally, or internationally?

## Tax Tips

To ensure that your contribution is tax deductible, confirm that the tax-exempt group is an actual charity. To receive a deduction, money or property should be given to: (1) charitable 501(c)(3) organizations, as listed in IRS Publication 78 or by using the on-line IRS search tool located at [www.irs.gov/charities](http://www.irs.gov/charities); (2) religious organizations; (3) federal, state, and local governments if for public purposes; (4) non-profit schools and hospitals; (5) public parks and recreation facilities; (6) organizations such as Boy and Girl Scouts, Boys and Girls Clubs of America, Goodwill Industries, Red Cross, Salvation Army, and United Way; (7) and war veterans' groups.

To substantiate your contributions, you should maintain cancelled checks or credit card receipts. For every gift of \$250 or greater, you must also obtain a statement from the charity listing your donation and whether you received any goods or

services in return. The value of any goods or services you received, such as a dinner at a charity event, is deducted from the value of your contribution.

You can deduct the fair market value of noncash donations, but it is the donor's responsibility to estimate the value of the goods donated. For donated property in excess of \$5,000, however, you must obtain a qualified appraisal (except for publicly traded stock). If your total deduction for noncash contributions in a tax year exceeds \$500, you must complete the appropriate section of IRS Form 8283 and file it with your 1040.

Though the time you spend as a volunteer is not deductible, you may deduct out-of-pocket expenses, transportation expenses (either actual incurred transportation expenses or \$0.14 per mile), as well as meals and lodging. The deduction for charitable contributions cannot exceed 50% of your adjusted gross income for most types of contributions.

Money or property contributed to the following types of organizations is not tax deductible: (1) civic leagues, social and sports clubs, labor unions, and chambers of commerce; (2) most foreign organizations; (3) lobbying entities; and (4) political groups or candidates for public office. Further, the cost of raffle, bingo, or lottery tickets is also not deductible.

## Resources

Numerous resources exist to assist you with your charitable giving decisions. One such web site is [www.guidestar.org](http://www.guidestar.org). You may also want to consider organizations that support your local community.

In this season of giving, consider how to make a positive difference in the lives of others.