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Charitable Contributions

Year-End Gifting Rules

The Internal Revenue Service is reminding individuals and businesses making year-end donations that several important tax law provisions have taken effect in recent years regarding gifting.

Charitable contributions of clothing and household items:

Household items include furniture, furnishings, electronics, appliances and linens. Clothing and household items donated to charity generally must be in good used condition, or better, to be tax-deductible. A single clothing or household item for which a taxpayer claims a deduction of over \$500 does not have to meet this standard if the taxpayer includes a qualified appraisal of the item with the return. Donors must get a written acknowledgement from the charity for all gifts worth \$250 or more that must include, among other details, a description of the items contributed. If one item or a group of items (clothing, furniture, etc) total more than \$5,000 in a year, an appraisal must be attached to the Federal return for the year.

Monetary donations:

A taxpayer must have a bank record or a [written statement from the charity](#) to deduct any donation of money, regardless of amount. The record must show the name of the charity and the date and amount of the contribution. Bank records include canceled checks, and bank, credit union and credit card statements.

Bank or credit union statements should show the name of the charity, the date and the amount paid. Credit card statements should show the name of the charity, the date, and the transaction posting date.

Donations of money include those made in cash or by check, electronic funds transfer, credit card or payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, a W-2 or other document from the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity. These requirements for the deduction of monetary donations do not change the longstanding requirement that a taxpayer obtain an acknowledgment from a charity for each deductible donation (either money or property) of \$250 or more. One statement containing all of the required information may meet both requirements.

There's more ...

Among the IRS's other reminders:

Charity eligibility. Only donations to eligible organizations are tax-deductible. [Select Check](#), a searchable online tool, lists most organizations that are eligible to receive deductible contributions. In addition, churches, synagogues, temples, mosques and government agencies are eligible even if they are not listed in the tool's database.



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Year-end gifts. Contributions are deductible in the year made. Thus, donations charged to a credit card before the end of 2016 count for 2016, even if the credit card bill isn't paid until 2017. Also, checks count for 2016 as long as they are mailed in 2016.

Itemized deductions. For individuals, only taxpayers who itemize their deductions on Schedule A can claim deductions for charitable contributions. A taxpayer will have a tax savings only if the total itemized deductions (mortgage interest, charitable contributions, and state and local taxes, among other figures) exceed the standard deduction.

Donation records. For all donations of property, including clothing and household items, get from the charity, if possible, a receipt that includes the name of the charity, the date of the contribution, and a reasonably detailed description of the donation. If a donation is left at a charity's unattended drop site, keep a written record of the donation that includes this information, as well as the fair market value of the property at the time of the donation and the method used to determine that value. Photos of the items donated along with a detailed list of items donated are highly recommended to support the deduction. Please contact me for assistance with any questions. [Additional rules](#) apply for a contribution of \$250 or more.

Special rules. The deduction for a [car, boat or airplane](#) donated to charity is usually limited to the gross proceeds from its sale. This rule applies if the claimed value is more than \$500. Form 1098-C or a similar statement must be provided to the donor by the organization and attached to the donor's tax return. If the taxpayer's deduction for all non-cash contributions exceeds \$500, a Form 8283 must be submitted with the return.

IRS.gov has additional information on charitable giving, covering [charities and nonprofits](#) and [contributions in general](#) (Pub. 526).



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