

CHARITABLE ORGANIZATION GIVING

There are many advantages to giving to charity. Yes, it makes you feel good, but it also will provide you with a tax deduction. Now is the time to get your paperwork together so you can make sure that you receive any deductions you deserve.

Here's what you should know about the tax benefits of giving to charity. Be sure to consult your own tax adviser about your specific tax situation.

1. How Does the Income Tax Deduction for a Charitable Donation Work?



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If you itemize deductions on your tax return, you may be able to take an income tax deduction for a gift to a *qualified* charitable organization.

The actual cost of your donation is therefore reduced through your savings on your taxes. For instance, if you are in the 33% tax bracket, you would save \$33 on a donation of \$100.

2. When Can a Charitable Contribution Deduction be Taken?

Your donation to a qualified charity is deductible the same year in which it is made. The contribution is considered paid when you put the check in the mail, or when it is charged to your credit card (not when you pay the credit card company). See the exception for donations to Haiti in 2010 in #10.

3. [What Charitable Organizations Are Considered Qualified?](#)

Most charitable organizations qualify for a charitable contribution deduction, but not all. Look for the [501\(c\)\(3\) designation](#) to be absolutely sure. Tax deductions are not allowed for donations to an individual, a foreign government, foreign charities, and certain private foundations.

[What Is a 501\(c\)\(3\)?](#)

4. [Is There a Charitable Tax Deduction for Giving Internationally?](#)

We are all concerned about good causes abroad, and most of us do want to give globally. But, what are the implications for your charitable tax deduction? If the charity is registered in the U.S. as a charitable organization, you can take a deduction for your donation. If the charity is not registered, there is no tax deduction. Many, many nonprofits that are registered in the U.S. provide international aid.

[Taxes and International Giving](#)

5. Is There a Limit on How Much I Can Donate and Still Get A Tax Deduction?

There are no limits on charitable contributions for most of us. Limits come into play only if you contribute more than 20% of your adjusted gross income to charities. If you are in this category, be sure to consult with your tax adviser to see if your deductions will be limited.

6. How Do I Handle Deductions for Non-Cash Donations to a Charity?

There are rules for non-cash donations such as property or outdated clothing, household furnishings, or office equipment.

For property owned for more than a year, the deduction is usually equal to the property's fair market value. Appreciated property can be deducted at the full fair value of the property, meaning that you are never taxed on the appreciated amount.

Donated goods must be in "good condition or better," according to the IRS. You must have a receipt for the goods from the charity to claim a deduction. If you donate non-cash items with a total value of more than \$500, you must file Form 8283 with your return. You may need a qualified appraisal if you donate an item or a group of items with a value of more than \$5,000.

7. Can I Get a Deduction for Donating My Car?

Making a car donation to a worthy charity seems like a good move, but, unfortunately, car donation is an area of charity that is rife with fraud and misleading information. Check out our suggestions for a happy outcome for you, the charity, and your car.

[Car Donation to Charity - Know the Road Rules](#)

8. Can I Take a Deduction for My Volunteer Work?

No, you can't deduct the value of your time spent on charitable work as a charitable donation, but you can deduct your out-of-pocket costs such as mileage.

9. What Documentation Is Required for Deductions for Charitable Contributions?

As of 2007, the IRS requires that if you claim a deduction of a monetary donation of any amount, you must have a written confirmation from the charity. You cannot deduct casual donations that you drop into a charity's collection box or bucket without a receipt to back up your claim.

If you receive some goods or services in exchange for your donation, the charity must specify the value of those goods or services. You can only deduct the amount of your donation that is above that value. For instance, if you donate \$500 to the symphony and receive tickets worth \$200 in exchange, you can only take a deduction on \$300. The paperwork from the charitable organization should spell out what is deductible.

10. When Can I Claim a Deduction for My Haiti Donation Made in 2010?

If you made a donation (and itemize your deductions) to the Haiti relief efforts in early 2010, you can take the deduction on your 2009 tax return or take the deduction in 2010. To take the deduction for 2009, your donation needs to be made by the end of February.

If you made a donation to Haiti relief via your mobile phone, use the phone bill as your receipt. When you text-to-give to a charitable organization, the nonprofit does not receive information about who you are...you are anonymous. Therefore, you won't receive a receipt from that charity. The charge for the donation appears on your phone bill, and the IRS has said that it will accept that bill as a receipt for your donation.