



January 5, 2011

IRS Issues 9 Guidelines when giving Gifts

Making charitable donations of gifts or cash has always been a part of American culture. Having your charitable gifts tax deductible makes giving an even more rewarding affair. However when you want to claim tax deductions for your gifts to charity, there are a few IRS guidelines you must adhere to:

1. You must fill up Form 1040 and itemize your deductions under Schedule A when claiming for deductions to charity.
2. Besides Form 1040, when you give money in the form of cash or check, you must also have a written record of your transaction like a bank record, payroll deduction records or a written communication from the organization containing the name of the organization, the date of the contribution and amount of the contribution. If you send your contributions by text message, you can produce a written record in the form of a telephone bill showing the name of the organization you contributed to, the amount and the date of contribution. This applies to monetary gifts of any amount.
3. However if your contributions of cash or property come up to \$250 or

more you must have a bank record, payroll deduction records or a written acknowledgment from the qualified organization showing the amount of the cash and a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift. One document may satisfy both the written communication requirement for monetary gifts and the written acknowledgement requirement for all contributions of \$250 or more.

4. Only gifts given to qualified charitable organizations are deductible. You cannot deduct contributions made to specific individuals, political organizations and candidates running for public office.

5. Certain things are not eligible for you to claim tax deductions on namely your time and services to charitable organizations, the cost of raffles, bingo or other games of chance.

6. Donations of stock and property are generally valued at their fair market value. Special rules apply when you donate vehicles.

7. If you donate clothes and household items, they must be of good condition although used, in order to qualify for tax deduction.

8. If the amount of non-cash contributions you make exceeds \$500 in value, you must fill up Form 8283 for Noncash Charitable Contributions and attach it to your tax return. If you donate more than \$5,000 worth of items you need to complete Section B of Form 8283 and have a qualified appraiser appraise the value of your contribution.

9. If your contributions result in some form of benefit such as admission to a charity ball, goods, services or merchandise then you must only claim the amount over and above the fair market value of the benefit you received.