

Donating a Vehicle

Written Acknowledgement

Obtain written acknowledgement from the organization, which includes details on the use or disposition of the vehicle by the donee organization. A copy of the written acknowledgement must be attached to the tax return.

Deduction Limits

A deduction for used items donated to a charity are generally equal to the fair market value of the item at the time of the donation. In the case of vehicles, the deduction may be less than fair market value under the gross proceeds deduction limit.

- 1) If the organization sells the donated vehicle without a significant intervening use or material improvement by the donee organization, then the deduction is limited to the gross proceeds received from the sale.
- 2) If the organization sells the donated vehicle after significant intervening use or material improvement to the vehicle, the deduction is limited to the fair market value of the vehicle.
- 3) If the organization sells the vehicle at significantly below fair market value, the gross proceeds limitation will not apply if it was a gratuitous transfer to a needy individual in line with the purpose of the charity to provide transportation to the poor.

Contributions of Less Than \$500

A written acknowledgement is still required if the contribution is \$250 or more. If the organization sells the vehicle without any significant intervening use or material improvement, and the sale yields gross proceeds of \$500 or less, the deduction is equal to the lesser of fair market value or \$500.

***Example:** Jack donates his car, worth \$800, to a charity that turns around and sells it for \$400 without any significant intervening use or without making any material improvements. Jack can deduct \$500 as a charitable contribution for the donation of his car. Because his deduction is \$250 or more, he still needs a written acknowledgement from the charity, but the acknowledgement is not required to be attached to his return.*

Contact Us

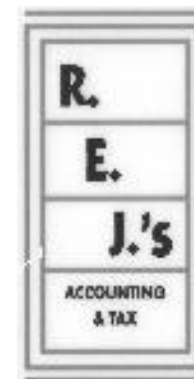
There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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Charitable Contributions Guide



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Charitable Contributions Guide

Charitable Organizations

Qualified charitable organizations include non-profit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals.

Examples of Qualified and Nonqualified Organizations

Qualified	Nonqualified
<ul style="list-style-type: none"> • Churches, mosques, temples, synagogues. • Boy and Girl Scouts, Boys and Girls Clubs of America, Red Cross, Goodwill, Salvation Army, United Way. • Fraternal orders, if gifts used for qualified charitable purposes. • Veterans' and certain cultural groups. • Nonprofit schools, colleges, museums, hospitals, and organizations trying to find medical cures. • Federal, state, and local governments, if gifts are solely for public purposes, including nonprofit volunteer fire departments, and public parks facilities. 	<ul style="list-style-type: none"> • Country clubs, lodges, fraternal orders, and similar groups, unless they are a qualified charity. • Civic leagues, social and sports clubs, labor unions and chambers of commerce. • Political organizations and candidates. • Communist organizations. [IRC §170(k)] • Foreign organizations. <p>Exceptions: Contributions to certain Canadian, Israeli, and Mexican charities are deductible. See IRS Pub. 526.</p> <ul style="list-style-type: none"> • Homeowner's associations.

Expenses Incurred While Volunteering

Out-of-pocket expenses incurred in performing volunteer work for a charitable organization (including the charitable mileage deduction) are considered cash contributions. The value of a donor's time is not deductible.

Contributions That Benefit the Taxpayer

If a taxpayer receives a benefit in exchange for a charitable contribution, the deduction is reduced by the value of the benefit received.

Example: Paul made a \$70 donation to Public TV and received a \$40 CD of his all-time favorite band, the Herman's Hermits, in appreciation for his donation. His deduction equals \$30.

Auto Expenses

Deductible out-of-pocket expenses include the cost of using the taxpayer's auto in providing services for a charitable organization. Deduct the actual cost of gas and oil or the standard mileage rate. Add parking and tolls to amount claimed for either standard mileage rate or actual expenses. A mileage log is required.

Standard Mileage Rate

The general standard mileage rate for charity is 14¢ per mile in 2017.

Contributions of Property

If used items were given to charity, such as clothing or furniture, the fair market value of the items is used to determine the deductible amount. Fair market value is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale.

Planning Tip: Most cell phones today can take pictures. Take a picture of all items donated. Keep the electronic pictures for proof the items were in good used condition or better at the time they were donated.

Note: No deduction is allowed for a charitable contribution of clothing or household items

unless the clothing or household item is in good used condition or better. The IRS is authorized by regulation to deny a deduction for any contribution of clothing or a household item that has minimal monetary value, such as used socks and undergarments.

Recordkeeping Rules for Charitable Contributions

To help substantiate a deduction for the fair market value of used items donated to charity, make a list of each item donated on a separate sheet of paper, along with the following information.

- Name and address of charity.
- Date items were donated to the charity.
- Description of each item donated.
- Fair market value of each item at the time they were donated.
- Date each donated item was originally purchased or acquired.
- Cost or other basis of each item donated.

Part Contribution, Part Goods or Services

A written statement from a charity is required if a donation is more than \$75 and is partly a contribution and partly for goods or services. The statement must contain an estimate of the value of goods or services received.

Exception: A written statement for goods or services is not required if one of the following is true.

- 1) The charity is a federal, state, or local government or a religious organization where the benefit is an intangible religious benefit, such as admission to a religious ceremony.
- 2) The goods or services are of token value.
- 3) The goods or services are membership benefits.