

IRS TAX TIP 2006-57

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## **TIPS FOR DEDUCTING CHARITABLE CONTRIBUTIONS**

When preparing to file your federal tax return, don't forget your contributions to charitable organizations. Your donations could add up to a sizeable tax deduction if you itemize on IRS Form 1040, Schedule A.

Here are a few tips to ensure your contributions pay off on your tax return:

1. You cannot deduct contributions made to specific individuals, political organizations and candidates. Nor can you deduct the value of your time or services and the cost of raffles, bingo or other games of chance.
2. To be deductible, contributions must be made to qualified organizations.
3. Only contributions actually made during the tax year are deductible.
4. If your contributions entitle you to merchandise, goods or services, including admission to a charity ball, banquet, theatrical performance or sporting event, you can deduct only the amount that exceeds the fair market value of the benefit received.
5. Donations of stock or other property are usually valued at the fair market value of the property.
6. Special rules apply to donation of vehicles.
7. For a charitable contribution of \$250 or more, you can claim a deduction only if you obtain a written acknowledgment from the qualified organization.
8. If you claim a deduction on your return of more than \$500 for all contributed property, you must attach IRS Form 8283, Noncash Charitable Contributions, to your return.
9. Taxpayers donating an item or a group of similar items valued at more than \$5,000 must also complete Section B of Form 8283, which requires an appraisal by a qualified appraiser.

For more information, check out Publication 526, Charitable Contributions, which is available at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).