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Nine Tips on Deducting Charitable Contributions

Giving to charity may make you feel good and help you lower your tax bill. The IRS offers these nine tips to help ensure your contributions pay off on your tax return.

1. If you want a tax deduction, you must donate to a qualified charitable organization. You cannot deduct contributions you make to either an individual, a political organization or a political candidate
2. You must file Form 1040 and itemize your deductions on Schedule A. If your total deduction for all noncash contributions for the year is more than \$500, you must also file Form 8283, Noncash Charitable Contributions, with your tax return.
3. If you receive a benefit of some kind in return for your contribution, you can only deduct the amount that exceeds the fair market value of the benefit you received. Examples of benefits you may receive in return for your contribution include merchandise, tickets to an event or other goods and services.
4. Donations of stock or other non-cash property are usually valued at fair market value. Used clothing and household items generally must be in good condition to be deductible. Special rules apply to vehicle donations.
5. Fair market value is generally the price at which someone can sell the property.
6. You must have a written record about your donation in order to deduct any cash gift, regardless of the amount. Cash contributions include those made by check or other monetary methods. That written record can be a written statement from the organization, a bank record or a payroll deduction record that substantiates your donation. That documentation should include the name of the organization, the date and amount of the contribution. A telephone bill meets this requirement for text donations if it shows this same information.
7. To claim a deduction for gifts of cash or property worth \$250 or more, you must have a written statement from the qualified organization. The statement must show the amount of the cash or a description of any property given. It must also state whether the organization provided any goods or services in exchange for the gift.
8. You may use the same document to meet the requirement for a written statement for cash gifts and the requirement for a written acknowledgement for contributions of \$250 or more.
9. If you donate one item or a group of similar items that are valued at more than \$5,000, you must also complete Section B of Form 8283. This section generally requires an appraisal by a qualified appraiser.