

Documenting Your Charitable Gifts

Charitable donations allow you to give *and* take—you *give* money or property to a qualified charity and then *take* an income tax deduction. By supporting an organization or cause, you may be able to lower your tax bill. As you plan your giving, it is important to keep accurate records in the event that you have to substantiate such gifts. Receipts for your charitable donations can confirm your contributions should the Internal Revenue Service (IRS) require proof of documentation.

If you make a charitable donation of cash or property, you need to obtain a bank record or *written* acknowledgment from the recipient charity that specifies the amount and date of the contribution, as well as the name of the charity. For IRS purposes, a canceled check for a donation of cash no longer suffices as a receipt. For property, the acknowledgment must describe the gift and provide an estimated valuation. Donations of clothing and household items must be in “good condition” in order to qualify for a tax deduction. Remember, non-cash contributions exceeding \$5,000 require a qualified, written appraisal within 60 days of the date of the gift, and you must submit the appraisal when filing your taxes.

Honoring contributors with a gift of appreciation is a common practice, especially with online and television fundraising. If any considerations (e.g., meals, clothing, concert tickets, trips, or books) were given in exchange for a contribution, the donation statement from the recipient charity must specify the value of the consideration. Your tax deduction is reduced based on that amount.

While receipts and other acknowledgments are not filed with your annual Federal income tax return (Form 1040), be sure to carefully store this material along with other tax documents for the year in which the donations were made. As a general rule, keep tax records, including all tax forms, investment statements, bank statements, proof of deductions, or any receipts associated with a particular return, for at least six years. Preparation and organization can help ensure that you have the records you need, when you need them.

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