

# CLIENT LETTER

## Tax Tips for Charitable Taxpayers

Dear Client,

If you regularly make donations to charity, or plan to make a charitable donation this year, you may be able to take a deduction on your tax return. The Internal Revenue Service has compiled nine tips that you should keep in mind when contributing to charity:

In order to be deductible, charitable contributions must be made to qualified organizations. An online version of IRS Publication 78, which provides a list of organizations eligible to receive tax-deductible charitable contributions, is available at [www.irs.gov/charities](http://www.irs.gov/charities) under the "Search for Charities" tab.

Charitable contributions are deductible only if you itemize deductions using Form 1040, Schedule A.

Generally, you can deduct your cash contributions and the fair market value of most property you donate to a qualified organization. Special rules apply to several types of donated property, including clothing or household items, cars and boats.

If your contribution entitles you to receive merchandise, goods, or services in return - such as admission to a charity banquet or sporting event - you can deduct only the amount that exceeds the fair market value of the benefit received.

Keep good records of any contribution you make, regardless of the amount. For any cash contribution, you must maintain a record, such as a cancelled check, bank or credit card statement, payroll deduction record or a written statement from the charity containing the date and amount of the contribution as well as the name of the organization.

Only contributions actually made during the tax year are deductible. For example, if you pledge \$500 in September but only pay the charity \$200 by Dec. 31, your deduction for the current year is \$200.

Include credit card charges and payments by check in the year you give them to the charity, even though you may not pay the credit card bill or have your bank account debited until the next year.

If your contribution is \$250 or more, you must have a written acknowledgment from the organization. The acknowledgment must include the cash amount, and state whether the organization provided any goods or services in exchange for the gift. If you donate property, the acknowledgment must include a description of the items and a good faith estimate of its value.

For items valued at \$500 or more you must complete Form 8283, Noncash Charitable Contributions, and attach it to your tax return. If you claim a deduction for a contribution of noncash property worth more than \$5,000, generally an appraisal must be obtained, and Section B of Form 8283 must be completed and filed with your return.

Approximately 275,000 organizations automatically lost their tax-exempt status recently because they did not file required annual reports for three consecutive years, as required by law.

Donations made prior to an organization's automatic revocation remain tax-deductible. Going forward, however, organizations that are on the auto-revocation list that do not receive reinstatement are no longer eligible to receive tax-deductible contributions.

If you are interested in making a charitable donation this year, we would like to help you ensure its deductibility. Please call our office at your earliest convenience if you would like to discuss this or any other tax issue.

Sincerely,

**TICE ASSOCIATES, P.C.**  
**PUBLIC ACCOUNTANTS**  
1709 W. Market St.  
York, PA 17404

Phone: 717-843-9572

Fax: 717-845-1590

Web: [www.ticeassociates.com](http://www.ticeassociates.com)

Reproduced with permission from CCH's Client Letter, published and copyrighted by CCH Incorporated, 2700 Lake Cook Road, Riverwoods, IL 60015.