

Recordkeeping for Charitable Contributions

You must keep records to prove the amount of any cash and noncash contributions you make during the year. Which records you must keep depends on the amount you contribute and whether they are cash or property contributions. New recordkeeping requirements were established for all contributions made after January 1, 2007. You cannot deduct a cash contribution, regardless of the amount, unless you keep as a record of the contribution, bank records (such as a cancelled check or bank statement containing the name of the charity, date and the amount) or a written communication from the charity.

This article discusses which records you must keep.

Cash Contributions

Cash contributions include those paid by cash, check, electronic funds transfer, debit card, credit card, or payroll deduction. You cannot deduct a cash contribution, regardless of the amount, unless it is substantiated by one of the following:

1. A bank record that shows the name of the qualified organization, the date of the contribution, and the amount of the contribution. Bank records may include: a canceled check, a bank or credit union statement or a credit card statement.
2. A receipt (or letter or other written communication) from the qualified organization showing the name of the organization, the date of the contribution, and the amount of the contribution.
3. Payroll deduction records. The payroll records must include a pay stub, Form W-2 or other document furnished by the employer that shows the date and the amount of the contribution, and a pledge card or other document prepared by or for the qualified organization that shows the name of the organization.

Cash Contributions of \$250 or More: You can claim a deduction for a contribution of \$250 or more only if you have an acknowledgement of your contribution from the qualified organization or certain payroll deduction records. If you made more than one contribution of \$250 or more, you must have either a separate acknowledgment for each or one acknowledgment that lists each contribution and the date of each contribution and shows your total contributions.

To determine whether a contribution is \$250 or more, do not combine separate contributions. For example, if you gave to the church \$25 each week, your weekly payments do not need to be combined. Each payment is a separate contribution. The acknowledgment must be written and state whether you received any goods or services in return. If something was received in return, a description and good faith estimate of the value of the goods or services must be included.

For payroll deductions, the payroll records must include a pay stub, Form W-2 or other document furnished by the employer that shows the date and the amount of the contribution, and a pledge card or other document prepared by or for the qualified organization that shows the name of the organization. If the pay stub, Form W-2, pledge card, or other document does not show the date of the contribution, you must also have another document that does show the date of the contribution.

Noncash Contributions

For a contribution not made in cash, these general rules apply:

The records you must keep depends on whether your deduction for the contribution is:

1. Less Than \$250
2. At least \$250 but not more than \$500,
3. Over \$500 but not more than \$5,000, or
4. Over \$5,000.

Amount of contribution. In figuring whether your contribution is \$500 or more, combine separate contributions of similar items during the year. If you received goods or services in return, reduce your contribution by the value of those goods or services. If you figure your deduction by reducing the fair market value of the donated property by its appreciation, your contribution is the reduced amount.

Deductions of Less Than \$250

If you make any noncash contribution, you must get and keep a receipt from the charitable organization showing:

1. The name of the charitable organization,
2. The date and location of the charitable contribution, and
3. A reasonably detailed description of the property.

A letter or other written communication from the charitable organization acknowledging receipt of the contribution and containing the information in (1), (2), and (3) will serve as a receipt. You are not required to have a receipt where it is impractical to get one (for example if you leave property at a charity's unattended drop site).

Additional records. You must also keep reliable written records for each item of donated property. Your written records must include the following information.

1. The name and address of the organization to which you contributed.
2. The date and location of the contribution.
3. A description of the property in detail reasonable under the circumstances. For a security, keep the name of the issuer, the type of security, and whether it is regularly traded on a stock exchange or in an over-the-counter market.
4. The fair market value of the property at the time of the contribution and how you figured the fair market value. If it was determined by appraisal, you should also keep a signed copy of the appraisal.
5. The cost or other basis of the property if you must reduce its fair market value by appreciation.
6. The amount you claim as a deduction for the tax year as a result of the contribution, if you contribute less than your entire interest in the property during the tax year. Your records must include the amount you claimed as a deduction in any earlier years for contributions of other interests in this property. They must also include the name and address of each organization to which you contributed the other interests, the place where any such tangible property is located or kept, and the name of any person in possession of the property, other than the organization to which you contributed.
7. Any conditions attached to the gift of property.

Deductions of At Least \$250 But Not More Than \$500

If you claim a deduction of at least \$250 but not more than \$500 for a noncash charitable contribution, you must get and keep an acknowledgement of your contribution from the qualified organization. If you made more than one contribution of \$250 or more, you can have either a separate acknowledgement for each or one acknowledgement that shows your total contributions.

The acknowledgement must contain the information in items (1) through (3) listed under *Deductions of Less Than \$250*, earlier, and your written records must include the information listed in that discussion under *Additional Records*.

1. It must be written.

2. It must include:

- A description (but not necessarily the value) of any property you contributed,
- Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits), and
- A description and good faith estimate of the value of any goods or services described above. If the only benefit you received was an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in a commercial transaction outside the donative context, the acknowledgement must say so and does not need to describe or estimate the value of the benefit.

3. You must get the acknowledgement on or before the earlier of:

- the date you file your return for the year you make the contribution, or
- The due date, including extensions, for filing the return.

Deductions Over \$500 But Not Over \$5,000

If you claim a deduction over \$500 but not over \$5,000 for a noncash charitable contribution, you must have the acknowledgement and written records described under *Deductions of At Least \$250 But Not More Than \$500*. Your records must also include:

1. How you got the property, for example, by purchase, gift, bequest, inheritance, or exchange.
2. The approximate date you got the property or, if created, produced, or manufactured by or for you, the approximate date the property was substantially completed.
3. The cost or other basis, and any adjustments to the basis, of property held less than 12 months and, if available, the cost or other basis of property held 12 months or more. This requirement, however, does not apply to publicly traded securities.

If you are not able to provide information on either the date you got the property or the cost basis of the property and you have a reasonable cause for not being able to provide this information, attach a statement of explanation to your return.

Deductions Over \$5,000

If you claim a deduction of over \$5,000 for a charitable contribution of one property item or a group of similar property items, you must have the acknowledgement and the written records described under *Deductions Over \$500 But Not Over \$5,000*. In figuring whether your deduction is over \$5,000, combine your claimed deductions for all similar items donated to any charitable organization during the year.

Generally, you must also obtain a qualified written appraisal of the donated property from a qualified appraiser.

Qualified conservation contribution. If the gift was a "qualified conservation contribution," your records must also include the fair market value of the underlying property before and after the gift and the conservation purpose furthered by the gift.

Out of Pocket Expenses

If you render services to a qualified organization and have unreimbursed out of pocket expenses related to those services, the following three rules apply.

1. You must have adequate records to prove the amount of the expenses.
2. You must get an acknowledgment from the qualified organization that contains a description of the services you provided and a statement of whether or not the organization provided you any goods and services to reimburse you for the expenses incurred. If so, the statement must include a description and good faith estimate of the value of any goods or services (other than intangible religious benefits). If the only benefit you received was an intangible religious benefit, you must receive a statement stating this; however, the acknowledgment does not need to describe or estimate the value of an intangible religious benefit.
3. You must get the acknowledgment on or before the earlier of: (a) The date you file your return for the year you make the contribution, or the due date, including extensions, for filing your return.

Car Expenses. If you claim expenses directly related to use of your car in giving services to a qualified organization, you must keep reliable written records of your expenses. Whether your records are considered reliable depends on all the facts and circumstances. Generally, they are reliable if you made them regularly and at the time you incurred the expense.

Your records must show the name of the organization you were serving and the date each time you used your car for a charitable purpose. If you use the standard mileage rate of 14 cents a mile for 2015, your records must show the miles you drove. If you use actual expenses to complete the deduction, your records must show the costs of operating the car for charitable purposes only.