



Suggestions for Charitable Taxpayers

If you make a donation to a charity this year, you may be able to take a deduction for it on your 2011 tax return. Here are the top nine things the IRS wants every taxpayer to know before deducting charitable donations.

1. **Make sure the organization qualifies** Charitable contributions must be made to qualified organizations to be deductible. You can ask any organization whether it is a qualified organization or check IRS Publication 78, Cumulative List of Organizations. We will provide a copy upon request.
2. **You must itemize** Charitable contributions are deductible only if you itemize deductions using Form 1040, Schedule A.
3. **What you can deduct** You generally 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.
4. **When you receive something in return** 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.
5. **Recordkeeping** Keep good records of any contribution you make, regardless of the amount. For any cash contribution, you must maintain a record of the contribution, 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 and the name of the organization.
6. **Pledges and payments** Only contributions actually made during the tax year are deductible. For example, if you pledged \$500 in September but paid the charity only \$200 by Dec. 31, you can only deduct \$200.
7. **Donations made near the end of the year** 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.
8. **Large donations** For any contribution of \$250 or more, you need more than a bank record. You must have a written acknowledgment from the organization. It must include the amount of cash and say whether the organization provided any goods or services in exchange for the gift. If you donated 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 we will complete a Form 8283, Noncash Charitable Contributions, and attach the form to your return. If you claim a deduction for a contribution of noncash property worth more than \$5,000, you generally must obtain an appraisal and we will complete Section B of Form 8283 with your return.
9. **Tax Exemption Revoked** 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.

For the list of organizations whose tax-exempt status was revoked, visit www.IRS.gov. If you have any questions about charitable donations, please give us a call.