

Information Release: What Donations to Claim as Tax Deductions

How to claim a donation as a tax deduction

Media Contact Stephanie Ferdinand
Stephanie Ferdinand EA
Call Toll Free: 1-800-891-8983
Email: contact@stephanieferdinandea.com

How to claim a donation as a tax deduction

Certain donations are not recognized by the IRS as deductible

The IRS recognizes the importance of donating to charitable organizations and allows taxpayers to deduct certain charitable contributions, but which gifts are tax-deductible, and what kind of records are needed to claim a deduction?

Contributions made to qualified §501(c)(3) organizations that are religious, charitable, educational, scientific, testing for public safety, or literary in purpose are deductible. It is important to verify the organization's charitable status. The easiest way to do this is by calling them or checking their website. A receipt is needed for any donation deducted, even a single dollar dropped into the red bucket.

Be mindful that not every donation is deductible. For example, clothing or food given directly to victims (the items must be given through a charity), political contributions, and the value of time — even if the work accomplishes something a paid position would otherwise accomplish or if time off work was taken, are all considered nondeductible contributions.

The most common contributions are cash and checks. Monetary gifts can also be made by credit card or payroll deductions. The entire amount of a monetary donation is deductible, provided that nothing of value is received in return. If a benefit is received as a result of a contribution, only the part of the contribution that is greater than the value of what was received is deductible.

Other common donations are property or out-of-pocket expenses paid to do volunteer work. If transportation costs to perform volunteer work are incurred, the actual cost of gas and oil or the standard rate of 14 cents per mile can be deducted. Add parking and tolls to the amount claimed using either method. In general, clothing and household items are deductible at their current values, whereas food items are deductible at cost.

Noncash contributions require records describing the property donated and the method used to determine its value. The taxpayer is responsible for valuing the property either through appraisal or by comparison to other property. Generally, charitable organizations will only issue a receipt stating the donation was made and will not assign a value. Special rules apply for donated stock, real estate, and other capital assets that would have resulted in capital gains.

Charitable contributions are generally itemized deductions on Schedule A. However, for 2020-2021, certain cash contributions of up to \$300 (up to \$600 on a married filing jointly return for 2021 only) may be deducted by non-itemizers.

This article contains general tax information for taxpayers. Each tax situation may be different, so do not rely upon this information as your sole source of authority. Contact Stephanie Ferdinand at Stephanie Ferdinand EA, located at [Business address], for professional advice for your tax situation. Stephanie Ferdinand is an expert who keeps current on tax law changes as well as a member of the National Association of Tax Professionals. She can save you time and offer insight on how to use the tax breaks available to you. Visit www.StephanieFerdinandEA.com for contact information