

## **Charitable Contribution Substantiation Requirements**

Over the past few years, Americans have collectively donated more than \$350 billion to charity with much of those donations coming from individuals. While charitable giving offers a chance to make a difference, there are also tax benefits associated with this philanthropic activity; however, the IRS may require substantiation for the charitable contributions depending on the nature of the donation. For instance, if the contribution is \$250 or more, you will need a written receipt from the charity. If you donate property valued at more than \$500, additional requirements will apply.

### **General Rules for Charitable Contributions**

For a contribution of cash, check, or other monetary gifts, regardless of amount, you must maintain a bank record or a written communication from the donee organization showing its name, the date, and the amount of the contribution. Any other type of written record, such as a log of contributions, is insufficient.

For a contribution of property other than money, you generally must maintain a receipt from the donee organization that shows the organization's name, the date, and the location of the contribution, as well as a detailed description of the property (but not the value).

If the contribution is worth \$250 or more, stricter substantiation requirements apply. No charitable deduction is allowed for any contribution of \$250 or more unless you substantiate the contribution with a written receipt from the donee organization. You must have the receipt in hand when you file your return or you will not be able to claim the deduction. If you make separate contributions of less than \$250, you will not be subject to the written receipt requirement, even if your contributions to the same charity total \$250 or more in a year.

The receipt must set forth the amount of cash and a description of any property other than cash contributed. It must also state whether the donee provided any goods or services in return for the contribution and if so, must give a good-faith estimate of the value of the goods or services.

For donated property with a value of more than \$5,000, you are generally required to obtain a qualified appraisal and to attach an appraisal summary to the tax return.

### **Recordkeeping for Charitable Contributions for Which You Receive Goods or Services**

If you receive goods or services, such as a dinner or theater tickets in return for your contribution, your deduction is limited to the excess of what you gave over the value of what you received.

If you contributed more than \$75 for which you received goods or services, the charity must give you a written statement, either when it asks for the donation or when it receives it, that tells you the value of those goods or services. Be sure to keep these statements.

### **Substantiating Out-of-Pocket Costs**

Although you cannot deduct the value of services you perform for a charitable organization, some deductions are permitted for out-of-pocket costs you incur while performing the services. You should keep track of your expenses, the services you performed, when you performed them, and the organization for which you performed the services. Keep receipts, canceled checks, and other reliable written records relating to the services and expenses.

As discussed above, a written receipt is required for contributions of \$250 or more. This presents a problem for out-of-pocket expenses incurred while providing charitable services since the charity does not know how much those expenses were. However, you can satisfy the written receipt requirement with adequate records that substantiate the amount of your expenditures including; a statement from the charity that contains a description of the services you provided, the date the services were provided, a statement of whether the organization provided any goods or services in return, a description of goods or services, and a good-faith estimate of the value of those goods or services.

See below for a quick reference chart summarizing the substantiation requirements.

**Author:** Jonathan Louie, CPA

<b>Charitable Contribution Substantiation Information Required</b>
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Amount	Documentation	Substantiation
Cash donations of less than \$250	Bank record	Includes canceled check, bank, credit union, or credit card statement showing name and transaction posting date (credit card)
	Written communication from charity	Name of charity, date, and amount of contribution
	Payroll deduction	Pledge card and pay stub, W-2 wage statement, or other document furnished by employer, including total amount withheld for charity
Cash donations of \$250 or more	Written acknowledgment from the charity for each donation	Name of charity, date, amount paid, description, and estimate of value of goods or services provided by the charity
Noncash contributions of less than \$250	Receipt from donee or reliable records	
Property donations greater than \$250 and not more than \$500	Contemporaneous written acknowledgment	Name of charity, date, amount paid, and description (but not value) of goods or services provided by the charity
Property donations greater than \$500 and not more than \$5,000	Written acknowledgement	All of the above, plus: <ul style="list-style-type: none"> <li>• How you got the property;</li> <li>• Date you got the property; and</li> <li>• Cost or other basis</li> </ul> Must file Form 8283
Donations of \$5,000 or more excluding stock, certain works of art, and autos	Qualified appraisal	Attach appraisal to return and complete page 2 of Form 8283
Donations of art valued at \$20,000 or more	Signed appraisal and photograph	Attach signed appraisal to return and provide photograph of sufficient quality and size to fully show object if requested by the IRS
Stock of publicly traded corporation	No appraisal required if as of date of the contribution, market quotations are readily available on an established securities market	Attach Form 8283 to return
Nonpublicly traded stock	Contributions greater than \$5,000 and less than or equal to \$10,000	A partially completed appraisal summary; complete Form 8283, Part I
	Contributions greater than \$10,000	Attach qualified appraisal to return
Vehicle, boat, and airplane with value of more than \$500	Value is the lesser of the gross sales proceeds or the FMV of the vehicle if no "significant use or material improvement"	Taxpayer needs contemporaneous written acknowledgement from donee organization; donee organization must use Form 1098-C to report value of vehicle donations if vehicle is sold; this can be used to provide acknowledgement to the donor
<b>Note:</b> These rules apply to individuals making qualified contributions to IRC §501(c)(3) organizations. Additional rules apply when gifting a partial or restricted interest, gifts via trusts, and gifts with remainder interest.		