

# FRANZEN & FRANZEN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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### January 23, 2012 – Can I Take a Charitable Deduction If I Donate the Use of My Vacation Home or Timeshare?

I am frequently asked the question above by clients. It is often when a client donates as an auction item to a charity the use of their vacation home or timeshare. Unfortunately, no charitable deduction is available in this situation.

In a tax court decision last year (*Van der Lee v. Comm.*, TCM 2011-234), taxpayers could not deduct a contribution of one week's use of their timeshare unit in the Caribbean. The taxpayers owned a three-week share of the residence and they donated one week to a charity. They deducted the fair rental value of the residence for that week, along with a one-week allocation of maintenance costs. The court denied the deduction because, generally, no deduction is allowed for partial interests in property.

The issue here is that they donated a one-time, one-week use of the property. The result would have been the same even if they had donated use of all three weeks of their three-week ownership. A donation of a timeshare is deductible only if you donate the ownership of the property. In that case, they could donate ownership of one, two, or all three weeks and still get a deduction.