

# FRANZEN & FRANZEN, LLP

## CERTIFIED PUBLIC ACCOUNTANTS

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### June 27, 2012 – Charitable Contributions

In addition to the usual cash donations that you make throughout the year, you may be able to deduct the cost of using your vehicle if you volunteer your time or provide a service to a qualified charitable, educational or nonprofit organization.

There are two options available for claiming vehicle expenses and, naturally, the IRS requires you to have “reliable written records” for either method:

To use the standard charitable mileage rate of 14¢ per mile, your records must show the name of the organization, the dates you drove your car for your charitable work and the number of miles driven.

To use the actual vehicle expenses, your records must show the costs of operating your vehicle that directly relate to your volunteer work.

You can also deduct parking fees and tolls regardless of which method is used.

So, if you are a scout leader, a Red Cross volunteer, spend a few hours helping out at the local Food Bank or are actively involved with your religious organization, your vehicle expenses may increase your charitable contribution deduction.

In addition to volunteer miles driven, you may have spent money out of your own pocket within the scope of your volunteer work. These expenses might include office supplies, uniforms, and even travel expenses if you were away from home while performing your charitable service. The following documentation requirements for out-of-pocket expenses apply:

You must have “adequate records” to prove the amount of the expenses.

For a single contribution of \$250 or more in the form of unreimbursed out-of-pocket expenses, you must obtain an acknowledgement from the organization before you file your tax return that contains a description of the services you provide, a statement that says you were not reimbursed for the expenses and that you received no tangible (other than religious) benefit from the organization.

Recordkeeping requirements for noncash donations depend on the amount of your deduction. The following table illustrates substantiation requirements for all noncash donations:

<b>Noncash Donation</b>	<b>Documents to Substantiate</b>
Less than \$250	Receipt from charity with name, date & description of donation
Greater than \$250, less than \$500	Contemporaneous written acknowledgment from charity
Greater than \$500, less than \$5,000	Written acknowledgment (as above) plus file IRS Form 8283
Greater than \$5,000 (not including stock, art & autos)	Qualified appraisal and IRS Form 8283

In recent years the IRS has stiffened the required documentation for donations of clothing and other household items to nonprofit organizations like the Salvation Army or the Goodwill Industries. “Three bags of clothing” or “two boxes of books” is not an adequate description of the donated items to claim the deduction. You must have a list of the donated items along with the fair market value you have placed on those items, and some form of receipt or acknowledgement from the organization. It is up to the taxpayer to prove “good used condition or better”, so taxpayers may also want to consider taking pictures. Items of nominal value (such as socks or undergarments) are not deductible.

Here are a few handy websites to help you evaluate your noncash items:

The Salvation Army evaluation guide can be found here:

<http://www.satruck.com/ValueGuide.aspx>

You can download an evaluation guide from the yellow box in the middle of this Goodwill Industries web page:

<http://www.goodwill.org/get-involved/donate/taxes-and-your-donation/>

This Usedprice.com link contains Blue Book valuations for different categories of noncash donations from television sets and computers to guns, musical instruments, power tools and more:

<http://www.usedprice.com/>

Specialty items including stocks, certain works of art, automobiles, boats and airplanes also have documentation requirements to substantiate the contribution amount. For more information on charitable contributions and documents needed to substantiate deductions, see the IRS [Publication 526](#), Charitable Contributions.

Please contact our office if you have any questions, or if you would like further information.