

As the year ends, supporting your favorite charities is often on your mind. However, if you itemize deductions on your tax return, proper documentation of your charitable contributions is essential to secure valuable deductions. The type and size of your donation determine the documentation needed.

Here's a comprehensive guide to help you stay compliant.

Cash Donations

Gifts Under \$250

- A canceled check, a receipt from the charity, or another reliable written record suffices.
- Ensure the document includes:
 - The charity's name.
 - The date of the contribution.
 - The donation amount.
- Pro Tip: You don't need to combine smaller, separate donations (e.g., monthly contributions) under \$250 to the same charity.

Gifts of \$250 or More

- Obtain a contemporaneous written acknowledgment from the charity before your tax filing deadline or extension.
- The acknowledgment must include:
 - The donation amount.
 - A statement clarifying whether you received goods or services in exchange for your gift.
- If you received any benefits (e.g., a book or event tickets), determine their fair market value and subtract it from your deduction.

Noncash Donations

Gifts Under \$250

- A receipt from the charity is required, showing:
 - The charity's name.
 - The donation date and location.

- A description of the donated property.

Gifts of \$250 or More

- A contemporaneous written acknowledgment from the charity is needed, including:
 - The same details required for cash donations.
 - A description of the donated property.
- Important: File Form 8283 if your total noncash donations exceed \$500.

Gifts Exceeding \$500

- Maintain detailed records that include:
 - The date you acquired the property.
 - How you acquired it (e.g., purchase, gift, inheritance).
 - Your adjusted basis in the property.

Gifts Exceeding \$5,000 (\$10,000 for Closely Held Stock)

- Obtain a qualified appraisal and include an appraisal summary signed by both the appraiser and the charity with your tax return.
- Exception: Publicly traded securities do not require an appraisal.

Gifts Exceeding \$500,000 (\$20,000 for Art)

- In addition to the above, include a copy of the signed appraisal (not just the summary) with your tax return.

Why Substantiation Matters

While supporting charitable causes, understanding the tax implications can maximize the impact of your generosity. Properly documenting your contributions ensures you receive the deductions you're entitled to while remaining compliant with IRS rules.

Plan and keep thorough records to maximize your charitable giving. If you need guidance navigating these requirements, consult a trusted tax professional.

[Contact our accounting team](#) today to ensure your charitable contributions meet IRS documentation standards and maximize your deductions!