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[Compliance & Enforcement](#)**Issue Number: IR-2011-118**

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IRS Offers Tips for Year-End Giving

WASHINGTON — Individuals and businesses making contributions to charity should keep in mind several important tax law provisions that have taken effect in recent years. Some of these changes include the following:

Special Charitable Contributions for Certain IRA Owners

This provision, currently scheduled to expire at the end of 2011, offers older owners of individual retirement accounts (IRAs) a different way to give to charity. An IRA owner, age 70½ or over, can directly transfer tax-free up to \$100,000 per year to an eligible charity. This option, created in 2006, is available for distributions from IRAs, regardless of whether the owners itemize their deductions. Distributions from employer-sponsored retirement plans, including SIMPLE IRAs and simplified employee pension (SEP) plans, are not eligible.

To qualify, the funds must be contributed directly by the IRA trustee to the eligible charity. Amounts so transferred are not taxable and no deduction is available for the transfer.

Not all charities are eligible. For example, donor-advised funds and supporting organizations are not eligible recipients.

Amounts transferred to a charity from an IRA are counted in determining whether the owner has met the IRA's required minimum distribution. Where individuals have made nondeductible contributions to their traditional IRAs, a special rule treats transferred amounts as coming first from taxable funds, instead of proportionately from taxable and nontaxable funds, as would be the case with regular distributions. See [Publication 590](#), Individual Retirement Arrangements (IRAs), for more information on [qualified charitable distributions](#).

Rules for Clothing and Household Items

To be deductible, clothing and household items donated to charity generally must be in good used condition or better. A clothing or household item for which a taxpayer claims a deduction of over \$500 does not have to meet this

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standard if the taxpayer includes a qualified appraisal of the item with the return. Household items include furniture, furnishings, electronics, appliances and linens.

Guidelines for Monetary Donations

To deduct any charitable donation of money, regardless of amount, a taxpayer must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Bank records include canceled checks, bank or credit union statements, and credit card statements. Bank or credit union statements should show the name of the charity, the date, and the amount paid. Credit card statements should show the name of the charity, the date, and the transaction posting date.

Donations of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, a Form W-2 wage statement or other document furnished by the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity.

These requirements for the deduction of monetary donations do not change the long-standing requirement that a taxpayer obtain an acknowledgment from a charity for each deductible donation (either money or property) of \$250 or more. However, one statement containing all of the required information may meet both requirements.

Reminders

To help taxpayers plan their holiday-season and year-end giving, the IRS offers the following additional reminders:

- Contributions are deductible in the year made. Thus, donations charged to a credit card before the end of 2011 count for 2011. This is true even if the credit card bill isn't paid until 2012. Also, checks count for 2011 as long as they are mailed in 2011.
- Check that the organization is qualified. Only donations to qualified organizations are tax-deductible. IRS Publication 78, searchable and available online, lists most organizations that are qualified to receive deductible contributions. It can be found at IRS.gov under Search for Charities. In addition, churches, synagogues, temples, mosques and government agencies are eligible to receive deductible donations, even if they are not listed in Publication 78.
- For individuals, only taxpayers who itemize their deductions on Form 1040 [Schedule A](#) can claim deductions for charitable contributions. This deduction is not available to individuals who choose the standard deduction, including anyone who files a short form ([Form 1040A](#) or [1040EZ](#)). A taxpayer will have a tax savings only if the total itemized deductions (mortgage interest, charitable contributions, state and local taxes, etc.) exceed the standard deduction. Use the 2011 Form 1040 Schedule A to determine

whether itemizing is better than claiming the standard deduction.

- For all donations of property, including clothing and household items, get from the charity, if possible, a receipt that includes the name of the charity, date of the contribution, and a reasonably-detailed description of the donated property. If a donation is left at a charity's unattended drop site, keep a written record of the donation that includes this information, as well as the fair market value of the property at the time of the donation and the method used to determine that value. Additional rules apply for a contribution of \$250 or more.
- The deduction for a motor vehicle, boat or airplane donated to charity is usually limited to the gross proceeds from its sale. This rule applies if the claimed value is more than \$500. [Form 1098-C](#), or a similar statement, must be provided to the donor by the organization and attached to the donor's tax return.
- If the amount of a taxpayer's deduction for all noncash contributions is over \$500, a properly-completed [Form 8283](#) must be submitted with the tax return.
- And, as always it's important to keep good records and receipts.

IRS.gov has Additional information on charitable giving including:

- [Charities & Non-Profits](#)
- [Publication 526](#), Charitable Contributions.
- On-line mini-course, Can I Deduct My Charitable Contributions?

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