



December 2012

Tips for Deducting Charitable Contributions

As the end of the year rolls around, it may be helpful to have some guidance at your fingertips regarding charitable donations and their deductibility. The good news is that the IRS recently issued some tips to help you be sure that your charitable contributions are deductible.¹ The following is a summary of the IRS tips for charitable giving:

First, in order to take an itemized tax deduction on your 2012 tax return, the donation must be made to a qualified charity by December 31, 2012. You cannot deduct contributions to individuals. Ask the charity about its tax-exempt status or visit <http://www.irs.gov/Charities-&Non-Profits/Exempt-Organizations-Select-Check> to check to see if the organization is qualified. To be deductible in 2012, the donation must be mailed or charged to your credit card by the end of December. It counts if a donation is mailed in December but isn't received until January. It also counts if a donation is charged to your credit card in December, even if you don't pay your bill until next year.

Second, you generally can deduct cash contributions and the fair market value of property donated to a qualified charity. Special rules apply to certain types of donated property, such as clothing, household items, cars and boats.

Third, keep a record of all donations you plan to deduct, regardless of the amount. You are required to have a written record of all cash contributions to claim a deduction, such as a cancelled check, bank or credit card statement or payroll deduction record. The charity can also provide you with a written statement that shows the charity's name, contribution date and amount. Be sure to store them in a safe place so you can easily access them later when you file your tax return.

Fourth, if you are making major purchases during the holiday season, don't assume your tax refund will arrive before the bills arrive. Many factors can impact the timing of a tax refund from the IRS!

¹ IRS Tax Tip 2012-15, December 6, 2012.