



## Information Release

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Donations and Tax

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### What donations to claim as tax deductions

WEST ALLIS, WI - The holiday season is a time for giving. The IRS recognizes the importance of donating to charitable organizations and allows taxpayers to report certain charitable contributions as itemized deductions, but which gifts are tax deductible and what kind of records are needed to claim a deduction?

Contributions made to qualified §501(c)(3) organizations that are religious, charitable, educational, scientific, testing for public safety, or literary in purpose are deductible. It is important to verify the organization's charitable status. The easiest way to do this is to call or check its website. A receipt is needed for any donation claimed on Schedule A, even the dollar dropped into the red bucket.

Make note of the following nondeductible contributions: clothing or food given directly to victims (the items must be given through a charity), political contributions, the value of time – even if the work accomplishes something a paid position would otherwise accomplish, or if time off work was taken.

The most common contributions are cash and checks. Monetary gifts can be made by credit card or payroll deductions. The entire amount of a monetary donation is deductible, provided that nothing of value is received in return. If a benefit is received as a result of a contribution, only the part of the contribution that is greater than the value of what you receive is deductible. Other common donations are property or out-of-pocket expenses paid to do volunteer work. If transportation costs to perform the volunteer work are incurred, the actual cost of gas and oil or the standard rate of 14 cents per mile can be deducted. Add parking and tolls to the amount claimed for either method. Clothing and household items are deductible at their current values, whereas food items are deductible at cost.

Noncash contributions require records describing any property donated and the method used to determine its value. The taxpayer is responsible for valuing the property either through appraisal or through comparison to other property. Generally, charitable organizations will only issue a receipt stating the donation was made and will not assign a value. Special rules apply for donated stock, real estate and other capital assets that would have resulted in capital gains.



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This article contains general tax information for taxpayers. Each tax situation may be different, so do not rely upon this information as your sole source of authority. Contact Spencer Accounting Group at 5935 W. Beloit Rd, West Allis, WI 53219 for professional advice for your tax situation. Spencer is an expert who keeps current on tax law changes as well as a member of the Top Accounting and Tax Professional organization. She can save you time and offer insight on how to use the tax breaks available to you. Visit [www.spenceraccounting.com](http://www.spenceraccounting.com) for contact information.

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