

Substantiating charitable contributions by individuals

There is a need to substantiate your charitable contributions. While all contributions must be substantiated, contributions of \$250 or more require a written receipt from the charity. If you donate property valued at more than \$500, additional requirements apply.

General rules. If you claim a deduction for a charitable contribution you must maintain reliable written records regarding the contribution, regardless of the value or amount of the contribution. For a contribution of money, you generally must maintain a bank record or a written communication from the donee showing the name of the donee organization, the date of the contribution, and the amount of the contribution. It's not sufficient to maintain other written records, such as a log of contributions.

For a contribution of property other than money, you generally must maintain a receipt from the donee organization showing the name of the donee, the date and location of the contribution, and a detailed description (but not the value) of the property. You need not obtain a receipt for a donation of property other than money, however, if circumstances make obtaining a receipt impracticable. Under those circumstances, you must maintain reliable written records regarding the contribution. The required content of such a record varies depending upon factors such as the type and value of property contributed.

Stricter substantiation requirements apply in the case of charitable contributions with a value of \$250 or more. No charitable deduction is allowed for any contribution of \$250 or more unless you substantiate the contribution by a contemporaneous written acknowledgement of the contribution by the donee organization. You must have the receipt in hand by the time you file your return (or by the due date, if earlier) or you won't be able to claim the deduction.

The acknowledgement must include the amount of cash and a description (but not value) of any property other than cash contributed, whether the donee provided any goods or services in consideration for the contribution, and a good faith estimate of the value of any such goods or services. If you received only "intangible religious benefits," such as attending religious services, in return for your contribution, the receipt must say so. This type of benefit is considered to have no commercial value and so doesn't reduce the charitable deduction available.

If you make separate contributions of less than \$250, you won't be subject to the requirement to get a written receipt, even if the sum of the contributions to the same charity total \$250 or more in a year. Also, if you have contributions withheld from your wages, the deduction from each payment of wages is treated as a separate contribution for purposes of the \$250 threshold.

In general, if the total charitable deduction you claim for non-cash property is more than \$500, you must attach a completed Form 8283 (Noncash Charitable Contributions) to your return or the deduction is not allowed. In general, you are required to obtain a qualified appraisal for donated property with a value of more than \$5,000, and to attach an appraisal summary to the tax return. A qualified appraisal isn't required for publicly-traded securities for which market quotations are readily available. A partially completed appraisal summary and the maintenance of certain records are required for (1) nonpublicly-traded stock for which claimed deduction is greater than \$5,000 and no more than \$10,000, and (2) certain publicly-traded securities for which market quotations are not readily available. A qualified appraisal is required for gifts of art valued at \$20,000 or more.

Recordkeeping for contributions for which you receive goods or services. If you receive goods or services, such as a dinner or theater tickets, in return for your contribution, your deduction is limited to the excess of what you gave over the value of what you received. For example, if you gave \$100 and in return received a dinner worth \$30, you can deduct \$70. But your contribution is fully deductible if:

- you received free, unordered items from the charity that cost no more than \$8.90 in 2007 (\$8.60 in 2006) in total;
- you gave at least \$44.50 in 2007 (\$43.00 in 2006) and received only token items (bookmarks, key chains, calendars, etc.) that bear the charity's name or logo and cost no more than \$8.90 in 2007 (\$8.60 in 2006) in total; or
- the benefits that you received are worth no more than 2% of your contribution *and* no more than \$89 in 2007 (\$86 in 2006).

If you made a contribution of more than \$75 for which you received goods or services, the charity must give you a written statement, either when it asks for the donation or when it receives it, that tells you the value of those goods or services. Be sure to keep these statements.

Cash contribution made through payroll deductions. A contribution that you make by withholding from your wages may be substantiated by a pay stub, Form W-2, or other document furnished by your employer that shows the amount withheld for the purpose of a payment to a charity. You can substantiate a single contribution of \$250 or more with a pledge card or other document prepared by the charity that includes a statement that it doesn't provide goods or services in return for contributions made by payroll deduction.

The deduction from each wage payment of wages is treated as a separate contribution for purposes of the \$250 threshold.

Substantiating contributions of services. Although you can't deduct the value of services you perform for a charitable organization, some deductions are permitted for out-of-pocket costs you incur while performing the services. You should keep track of your expenses, the services you performed and when you performed them, and the organization for which you performed the services. Keep receipts, canceled checks, and other reliable written records relating to the services and expenses.

As discussed above, a written receipt is required for contributions of \$250 or more. This presents a problem for out-of-pocket expenses incurred in the course of providing charitable services, since the charity doesn't know how much those expenses were. However, you can satisfy the written receipt requirement if you have adequate records to substantiate the amount of your expenditures, and get a statement from the charity that contains a description of the services you provided, the date the services were provided, a statement of whether the organization provided any goods or services in return, and a description and good-faith estimate of the value of those goods or services.