



Tax Tips You Can Use May 2005  
Charitable Contributions Part 2: Non-Cash Donations  
By Kathleen Crawford, EA

---

There are three methods for making deductible charitable donations. The last article discussed cash donations. In this article, I will discuss non-cash donations and out of pocket deductible charitable expenses.

Non-cash donations are items that are given to charity. These can include clothing, household items, furniture, cars, artwork, antiques, stocks and bonds. The donation of works of art, antiques, or securities have very specific valuation and documentation rules. Cars, boats and other vehicles have been solicited by many charities. The IRS has recently tightened the rules for these donations. You should see your tax professional or read IRS publication #526 *before* you make a donation of these items.

Most of us make non-cash donations by taking our excess items to Goodwill or other charitable organizations. To document the deduction, you must get a receipt from the organization and list the items that were donated. The deduction that you can take is the Fair Market Value (FMV) of the item donated. In my experience, most people take a smaller deduction than they are entitled to take because of their inability to establish the FMV of their items. The fair market value is the price that a thrift or consignment shop sets for the item in their store. Most tax professionals have access to fair value market guidelines for common items. You can also walk through a thrift store and note the prices on items similar to your donations.

The deduction for out of pocket expenses to charity is often missed. Out of pocket expenses are literally the expenses that you incur as part of your volunteer or charity work. You should discuss your work and expenses with your tax professional to insure that you are properly documenting your activities.

Examples of out of pocket expenses include the dry-cleaning of uniforms or aprons required for charity work. If you drive a carload of students to the museum for their school field trip and then buy them lunch, you make deduct mileage for the trip, which for 2005 is 14 cents per mile and deduct the entire cost of the lunch you buy for them. Charity meals are not subject to the 50% disallowance that applies to business meals. If you drive your child to scout camp in Washington and then spend the weekend in Seattle before you pick her up, the mileage may be deductible, but your weekend expenses will not be deductible. If you drive the high school debate team to a competition and stay the weekend as coach and chaperone for the team activities, your mileage, hotel and meal expenses will all be deductible.

It is important to keep track of your volunteer and charitable activities to be able to claim all of the deductions you are entitled to include.

The fine print is that this article is for information only. Please call Kathy or a tax professional for questions about your individual tax situation. The Jacksonville Tax Lady can be reached at 541-899-7926 or at 610 North Fifth Street.

