



‘TIS THE SEASON FOR GIVING

Can you think of a better time of year to make a monetary donation to your church or a charitable organization? How about donating unused or excess items to a charitable organization that can provide benefits to those less fortunate? By providing your donations, you are not only helping those around you, but you can also take advantage of the opportunity to maximize your charitable donations before the end of this tax year.

By now you should be aware of the legislative changes made through the Pension Protection Act of 2006. These changes allow a taxpayer, who itemizes their deductions, to determine whether they can recognize their donations as tax deductible, along with the requirements for each type of donation whether it is cash or non-cash.

To briefly review the changes, ALL contributions of money and/or property **REQUIRES** some form of written documentation **REGARDLESS OF THE AMOUNT**.

For cash donations, substantiation may consist of bank records (i.e. cancelled checks), receipts or written communications from the charitable organization. The documentation must include: the date of contribution, name of the donee and the amount contributed. For contributions of \$250.00 or more, you must obtain written acknowledgement stating that no services or merchandise were provided in exchange for the donation.

For non-cash donations (i.e. Goodwill, Salvation Army, Community Centers, etc.), you must obtain a receipt identifying: the date of donation, the items donated, condition of the items (i.e. good condition, or otherwise), approximate original cost and the fair market value of the items at the time of donation. Most often, the organization will provide you with a receipt identifying a general donation (i.e. 2 large bags). It is up to the taxpayer to track the itemization of the goods donated along with the original cost and donated values. Two value guides have been attached from Goodwill and Salvation Army for your reference. Please note these are general guidelines and your valuations may be different based on the condition of the items or your length of ownership. Also keep in mind any donated item valued at more than \$500 may require an appraisal.

If you would like more detailed information, please contact your PFS tax preparer. Should you prefer to research the tax deductible guidelines on your own, you can refer to IRS Publication 561 – Determining the Value of Donated Property; and/or IRS Publication 526 – Charitable Contributions. These publications can be found on the [IRS website](#).