

Charitable Contributions Documentation

This procedure outlines the necessary steps to document charitable contributions for tax deduction purposes. It includes what types of contributions are deductible and details regarding record-keeping and documentation.

Step 1: **Identify Contributions**

Determine the type of charitable contributions made, whether they are monetary or non-monetary items. Monetary includes cash, checks, and credit card payments. Non-monetary includes goods, property, or services.

Step 2: **Check Organization Status**

Verify that the contributions were made to qualified organizations. Generally, these are groups that are religious, charitable, educational, scientific, or literary in purpose.

Step 3: **Maintain Records**

Keep a record for all charitable contributions. For monetary contributions, save bank statements, receipts, or written communication from the charity, showing the date, amount, and organization name. For non-monetary contributions, keep a detailed list of the items, their condition, and a receipt from the charity.

Step 4: **Value Non-Monetary**

Assign a fair market value to non-monetary contributions if the charity does not provide a value. Use thrift shop prices as a guide for used items. For valuable items exceeding certain thresholds, an appraisal may be required.

Step 5: **File Form 8283**

If necessary, complete IRS Form 8283 for non-cash contributions totaling more than \$500 in a year. Attach the form to your tax return.

Step 6: **Keep Timely Records**

Ensure timely documentation; monetary contributions require a bank record or written communication from the charity before filing the tax return. Non-monetary contributions over \$250 also require a contemporaneous written acknowledgment from the charity.

General Notes

Contribution Limits

Be aware of the specific limits on charitable contribution deductions, which can vary based on adjusted gross income and the type of charity.

Special Provisions

Understand any special provisions that may apply, such as those related to disaster relief efforts or non-cash contributions exceeding \$5,000.

Professional Advice

Consider consulting a tax professional for contributions that are large or complex, to ensure compliance with IRS rules and maximize potential deductions.

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