



## A Quick Look at Charitable Deductions

Donations of cash or property to qualified charities are, for the most part, deductible on your personal tax return. If you receive something in return for your donation, you must reduce your deduction by the value of that item or service. For example, if you donate \$125 to a charity and receive a book worth \$35, your total deduction would be limited to \$90. The charity must inform you of the item's value. Charities must also give you documentation for every contribution over \$250. Although you cannot deduct the value of your time or services given to a charity, you may deduct out-of-pocket expenses, including a per-mile deduction for charity-related driving.

To deduct property donations worth over \$500, you must provide additional information with your federal tax return. Be sure to get a professional appraisal for donations worth over \$5,000 (other than publicly-traded securities) and non-public stock worth over \$10,000.

Even if you donate every penny of what you make in any given year, your charitable contribution deduction is limited to 50% of your **adjusted gross income (AGI)**. However, you can *carry forward* the excess contributions five years. Gifts to private foundations and gifts of appreciated property are subject to lower limits.