

# Charitable Contributions-Part Two

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This feature deals with USA tax laws and how you can use them to your advantage. It is made available on a more or less weekly basis.

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## Charitable Contributions-Part Two

Last week, we talked about cash contributions. Today we'll discuss the tax consequences of other types of charitable contributions.

### Gifts Of Property

It is very common for Americans to donate items needed for rescue and humanitarian efforts, including food, clothing, and other supplies.

Such contributions are an eligible itemized deduction. If the donated item is new, you can usually deduct the amount you paid. If used (clothes or furniture, for example), the deduction is generally limited to what the items would sell for in a thrift shop. Tax tip: keep a detailed list of what you give and always get a receipt.

### Blood Donations

Thousands and thousands of Americans have responded to the terrorist atrocities by donating blood. This donation, however, isn't eligible for a charitable deduction.

### Donating Investments

Some people are donating stocks or mutual fund shares that have increased in value. Donating such appreciated investments can yield a bigger tax break than comes from cash donations.

Not only do you get a deduction for the market value of the donated shares, you also avoid paying capital gains tax on the appreciation. Here's an important thing to remember, however:

Donate only shares that you've owned more than one year. If you donate shares owned one year or less, your charitable deduction is limited to the amount originally paid and not the appreciated value.

### Volunteer Services

While the gift of time is treasured as highly as money by volunteer groups, there is no tax deduction for the value of time and labor that you donate to your favorite causes. You also can't deduct income lost from your regular job while serving as a volunteer.

However, you should keep track of out of pocket expenses, like miles driven, while performing local charity work. These expenses are deductible. Moreover, traveling out of town to help with charitable relief efforts may permit you to deduct costs for transportation, lodging and meals.

### Fundraising Events

Many community organizations are holding events to raise funds for relief efforts. When deducting such contributions, you should subtract the value of the benefits received, like dinner and entertainment.

Let's say you buy a \$85 ticket to a dinner held to raise funds for the families of murdered New York firemen. If the food and entertainment is valued at \$45, then you can deduct \$40 in your tax return. The value of food and entertainment is usually provided by the charity and is often right on the ticket or invitation. In fact, a charity must furnish you with a written estimate of the value of benefits if a tickets costs more than \$75.

If you've already bought a ticket but can't attend for some reason, return the ticket to the charity before the event. If you do, you'll be able to deduct the full price of admission as a charitable contribution.

Returning the ticket beforehand is crucial. If you keep the ticket or even return it after the event, you'll need to reduce your charitable deduction by the value of the entertainment and food.

As always, PLEASE make sure you read and understand the fine print. It wouldn't be taxes in America otherwise!

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