

Be Sure to Obtain a Receipt When Giving to Charity

Charitable donations allow you to give *and* take—you *give* money or property to a qualified charity and then *take* an income tax deduction. By supporting an organization or cause, you may be able to lessen your tax bill. As you plan your giving, remember it's important to keep accurate records in the event that you need to substantiate such gifts. Receipts for your charitable donations can confirm your charitable contributions should the Internal Revenue Service (IRS) require documentation.

If you make a donation to a charity of cash or property valued at \$250 or greater, you need to obtain a written acknowledgment from the recipient charity. While receipts are not filed with your annual federal income tax return (Form 1040), receipts should be carefully stored together with other tax documents for the year in which the donations were made.

For contributions of cash or by check, the receipt must show the amount. A canceled check no longer suffices as a receipt in the eyes of the Internal Revenue Service (IRS). For property, the receipt must describe the gift and indicate an estimated valuation. The acknowledgment must state whether any considerations (e.g., meals, clothing, records, trips, books) were given in exchange for the contribution (honoring contributors with a symbolic gift of appreciation is a common practice, especially with fund-raising on television). Bear in mind that non-cash contributions exceeding \$5,000 require a qualified, written appraisal within 60 days of the date of gift, and you must submit the appraisal when filing your taxes.

The \$250 limitation applies to *individual* gifts, not the total amount donated to a specific organization during the year. If you donated \$1,200 to your local charity in \$100 installments, you are not required to receive a receipt. However, most charities are already equipped to provide receipts on a timely basis for donations, especially in excess of the \$250 amount.

As a general rule of thumb, you should hold onto tax records for at least six years. These records include all tax forms, investment statements, bank statements, proof of deductions, or any receipts associated with a particular return. Being prepared and staying organized can help ensure you have the records you need, when you need them.