TAX YEAR
2022

Charitable Contributions

Charitable Contributions Guide

Electronic Filing Center

Tax Preparation - Payroll
& Accounting Services

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Charitable Organizations

Qualified charitable organizations include nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals.

Examples of Qualified and Nonqualified Organizations	
Qualified	*Nonqualified*
• Churches, mosques, temples, synagogues, and other religious organizations. • Boy and Girl Scouts of America, Boys and Girls Clubs of America, Red Cross, CARE, Goodwill, Salvation Army, United Way. • Fraternal orders, if gifts used for qualified charitable purposes. • War veterans' groups. • Nonprofit schools, colleges, museums, hospitals, and organizations trying to find medical cures. • Federal, state, and local governments, if gifts are solely for public purposes, including nonprofit volunteer fire departments, and public parks facilities.	• Country clubs, lodges, fraternal orders, and similar groups, unless they are a qualified charity. • Civic leagues, social and sports clubs, labor unions, and chambers of commerce. • Political organizations and candidates. • Foreign organizations. ***Exceptions:*** Contributions to certain Canadian, Israeli, and Mexican charities are deductible. See IRS Publication 526. • Homeowner's associations.

Online search tool. The IRS provides a way to search for qualified charitable organizations online at www.irs.gov/charities-non-profits/search-for-tax-exempt-organizations.

Contributions That Benefit You

If you receive a benefit in exchange for a charitable contribution, the deduction is reduced by the value of the benefit received.

Example: *Paul made a $70 donation to Public TV and received a $40 CD of his all-time favorite band, the Herman's Hermits, in appreciation for his donation. His deduction equals $30.*

Charitable Contributions

Deductible as Charitable Contributions	Nondeductible as Charitable Contributions
• Cash, check, credit card, or money order given to a qualified charitable organization. • Property other than cash or check given to a qualified charitable organization. • Out-of-pocket expenses when serving a qualified organization as a volunteer. • Automobile expenses when serving a qualified organization as a volunteer. • Limited portion of expenses paid for a student living with the taxpayer under a written agreement, sponsored by a qualified charitable organization. • Charity volunteer's travel expenses away from home, including meals/lodging if there is no significant level of personal pleasure, recreation, or vacation in the travel.	• Contribution to a nonqualified charitable organization. • Political contributions. • The value of a taxpayer's time or services. • Gifts to an individual. • Donations to organizations engaged in lobbying, for law changes, or for the taxpayer's trade or business. • Tuition at a school that is a qualified charity (but may qualify for education tax benefits). • The cost of raffle, bingo, or lottery tickets (but may qualify as a gambling loss). • The value of blood given to a blood bank. • Adoption expenses. • Contributions of $250 or more if acknowledgement statement is not retained. • The transfer of a future interest in tangible personal property. • The amount of contribution where a benefit was received in exchange. • Certain contributions to donor-advised funds.

Athletic tickets. No deduction is allowed for amounts paid to (or for the benefit of) a college or university in exchange for athletic event tickets or seating rights.

State or local credit. No deduction is allowed for the portion of a charitable contribution from which you receive or expect to receive a credit against state or local taxes.

Charitable benefit event ticket. The deduction equals the ticket price, minus the value of the right to attend the event. This is true even if you did not actually attend the event. However, if the ticket is returned to the qualified charity for resale, the entire cost of the ticket is deductible.

Charitable Contribution Deduction Limitations

60% adjusted gross income (AGI) limit. Cash contributions to public charities and certain other organizations are limited to 60% of AGI. The 60% limit does not apply to noncash charitable contributions, which are limited to 50% of AGI.

Example: *Bill gave his church a $200 cash contribution (60% AGI limit) and also donated clothing with a FMV of $300 (50% AGI limit).*

Example: *Rachel made a cash donation of $8,000 to her favorite public charity, the MSCAF. This was her only charitable contribution for the year. Rachel's AGI is $10,000. Because of the 60% AGI limitation, she is only allowed a deduction of $6,000. The remaining $2,000 is carried forward for up to five years.*

30% AGI limit. The 30% AGI limit applies to:

- Donations to organizations that are not public charities, such as veterans' organizations, fraternal societies, nonprofit cemeteries, and certain private foundations.
- Donation of property that is used by a charity, other than capital gain property donated to a non-public charity.
- Cash contributions for the use of (held in trust) a public charity instead of to the charity.
- Deduction for student living expenses.
- Certain capital gain property contributions to public charities. However, can elect to apply the 50% AGI limit.

20% limit. The 20% AGI limit applies to noncash contributions of capital gain property to non-public charities, or for the use of, any qualified organization.

State or local credit for charitable contribution limit. The federal charitable contribution deduction is limited to the extent you receive or expect to receive a corresponding state or local tax credit for that contribution.

Example: *In 2022, Andy makes a charitable contribution of $1,000 to the state of New York receiving a state tax credit of 70% of the amount contributed ($700). Andy's federal charitable contribution deduction may not exceed $300.*

Donating a Vehicle

Written Acknowledgement

Obtain written acknowledgement from the organization, which includes details on the use or disposition of the vehicle by the donee organization. A copy of the written acknowledgement must be attached to the tax return.

Deduction More Than $500

A vehicle donation with a claimed fair market value (FMV) more than $500 is limited.

1) If the organization sells the donated vehicle without a significant intervening use of or material improvement by the donee organization, then the deduction is limited to the gross proceeds received from the sale.
2) If the organization sells the donated vehicle after a significant intervening use of or material improvement to the vehicle, the deduction is limited to its FMV.
3) If the organization gives or sells the vehicle at well below FMV to a needy individual in line with the purpose of the charity to provide transportation to the poor, the deduction is limited to FMV.

Donation $500 or Less

A written acknowledgement is still required if the contribution is $250 or more. If the organization sells the vehicle without any significant intervening use of or material improvement for $500 or less, the deduction is equal to the lesser of $500, or FMV.

Example: *Jack donates his car, worth $800, to a charity that sells it for $400 without any significant intervening use or material improvements. Jack can deduct $500 as a charitable contribution. Because his deduction is $250 or more, he still needs a written acknowledgement from the charity, but the acknowledgement is not required to be attached to his return.*

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 72.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of $5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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