

What's Your Charitable Donation Deduction?



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When it comes to deducting charitable gifts, all donations are *not* created equal. As you file your 2015 return and plan your charitable giving for 2016, it's important to keep in mind the available deduction:

Cash. This includes not just actual cash but gifts made by check, credit card or payroll deduction. You may deduct 100%.

Ordinary-income property. Examples include stocks and bonds held one year or less, inventory, and property subject to depreciation recapture. You generally may deduct only the lesser of fair market value or your tax basis.

Long-term capital gains property. You may deduct the current fair market value of appreciated stocks and bonds held more than one year.

Tangible personal property. Your deduction depends on the situation:

- If the property *isn't* related to the charity's tax-exempt function (such as an antique donated for a charity auction), your deduction is limited to your basis.
- If the property *is* related to the charity's tax-exempt function (such as an antique donated to a museum for its collection), you can deduct the fair market value.

Vehicle. Unless it's being used by the charity, you generally may deduct only the amount the charity receives when it sells the vehicle.

Use of property. Examples include use of a vacation home and a loan of artwork. Generally, you receive no deduction because it isn't considered a completed gift.

Services. You may deduct only your out-of-pocket expenses, not the fair market value of your services. You can deduct 14 cents per charitable mile driven.

Finally, be aware that your annual charitable donation deductions may be reduced if they exceed certain income-based limits. If you receive some benefit from the charity, your deduction must be reduced by the benefit's value. Various substantiation requirements also apply. If you have questions about how much you can deduct, let us know.