

Charitable Gifts of Items You No Longer Need



Consult a tax professional and visit the IRS website for more information.



If you have used clothing, household goods, or a car that you no longer need, you may be able to do good by contributing the property to charity while obtaining an income tax deduction for your charitable contribution. Subject to certain limitations, the amount of your charitable contribution is usually the fair market value (the price that property would sell for on the open market) of the property at the time of the contribution.

Used clothing and household goods

You generally cannot take a deduction for donations of used clothing or household goods unless the property is in good used condition or better. However, you can take a deduction for used clothing or household goods that are not in good used condition or better if the claimed value is greater than \$500 and you include a qualified appraisal with your tax return.

The value of used clothing or household goods is usually far less than what you paid for the property. A good indication of the value of used clothing is the price that a buyer would pay in used clothing stores, such as consignment or thrift stores. Used household goods may have little or no value because of their worn condition, or because they are out of style or no longer useful.

Used cars

The value of a used car can usually be determined using a used car pricing guide for a private party sale. The price listed should be for a car of the same make, model, and year, and with similar options and accessories. Adjustments may be needed for wear and tear, and mileage.

However, your deduction for a donated car may be limited to the amount for which the charity then sells the car. This rule applies if the claimed value for the car is over \$500 unless: (1) the charity makes a significant intervening use of or material improvement to the car before selling it; or (2) the charity gives the vehicle, or sells it for well below fair market value, to a needy individual to further the organization's charitable purpose.

You must attach Copy B of Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, (or other statement from the charity containing the same information) to your tax return. Form 1098-C shows the gross proceeds the charity received if the charity sold the car and whether either of the two exceptions for cars valued at more than \$500 applies.

If the charity sells the car for \$500 or less (and neither of the two exceptions applies), your deduction is generally limited to the lesser of \$500 or the car's fair market value on the date of the contribution.

Other requirements

A receipt is generally required from the charity for all noncash gifts. However, a receipt may not be required where it is impractical to get one (e.g., leaving clothing at a charity's unattended drop site).

A written statement is required from the charity acknowledging all noncash gifts above \$250. The acknowledgment must generally include a description and good faith estimate of the value of any goods or services (if any) you received in return for your contribution. Your charitable contribution deduction is reduced if you receive something in return for your contribution.

An appraisal is generally needed when you donate an item or group of items of property if the claimed value is more than \$5,000. You must also complete Section B of Form 8283 and attach it to your tax return. Section B of Form 8283 should be signed by both the appraiser and a responsible officer of the charity. However, you do not need an appraisal for the donation of a car if the deduction is limited to the gross proceeds of its sale by the charity.

Limits on deductions

Charitable contribution deductions are generally limited to 50% of your adjusted gross income (AGI) (or 30% or 20% of AGI depending on the type of charity and the property donated). Disallowed amounts can generally be carried over and deducted in the following five years, subject to the percentage limits in those years. If you donate property with a fair market value that is more than your income tax basis in it (not usually a concern when donating used goods), your deduction is generally limited to your basis in the property, except for capital gain property when you use the 30% of AGI limit.

The total of your charitable contribution deductions and certain other itemized deductions is limited (but not reduced by more than 80%) if your adjusted gross income in 2014 is more than \$254,200 (for single taxpayers, \$305,050 for married filing jointly taxpayers).