

Substantiating Charitable Contributions

Dear Client,

Many people give to charity each year—sometimes to declutter their homes, sometimes to support causes they care about, and often simply to help others. While the personal satisfaction of giving is usually the main motivation, charitable donations can also provide a tax benefit. To take advantage of that benefit, however, the IRS requires specific documentation, and the rules can be easy to overlook.

Because the IRS continues to focus closely on charitable contribution deductions, it's important to understand what records are needed and how to properly value donated items. This is especially true when non-cash items are involved, since assigning value can be subjective and, in some cases, may require additional reporting or even a qualified appraisal.

To help you navigate these requirements, we've outlined the key substantiation rules below, organized by type and amount of contribution.

Cash Contributions (Including Checks, Credit Cards, and Electronic Transfers)

Contributions under \$250

You must retain a bank record or a written communication from the charity showing the name of the organization, the date of the contribution, and the amount contributed.

Contributions of \$250 or more

You must obtain a contemporaneous written acknowledgment from the charity. This acknowledgment should include:

- The name and address of the charity
- The date and amount of the contribution
- A statement indicating whether any goods or services were provided in exchange for the contribution, and if so, a description and good faith estimate of their value (or a statement that only intangible religious benefits were provided, if applicable)

A cancelled check alone is not sufficient for contributions of \$250 or more.

Noncash (Property) Contributions

Contributions under \$250

Obtain a receipt from the charity showing the organization's name, the date and place of the contribution, and a description of the property. You should also keep records of the property's fair market value and how it was determined.

Contributions of \$250 or more

Obtain a contemporaneous written acknowledgment from the charity, as described above. The acknowledgment should include a description (but not the value) of the property contributed and a statement regarding any goods or services provided.

Contributions over \$500

In addition to the above, you must file IRS Form 8283 with your tax return, providing details about the donated property.

Contributions over \$5,000

You must obtain a qualified appraisal of the property and complete Section B of Form 8283, which must be signed by both the appraiser and the charity.

- *Special rules apply for donations of vehicles, boats, and airplanes valued over \$500, including additional acknowledgment, reporting requirements, and possible limitations on the deduction.*

Timing

The acknowledgment must be obtained on or before the earlier of the date you file your tax return for the year of the contribution or the return's due date (including extensions). Failure to obtain the required acknowledgment in time will result in the loss of the deduction.

Best Practices

- Request written acknowledgments from charities promptly after making contributions.
- If it is impractical to obtain a receipt, reliable written records containing the following information are sufficient:
 - The organization's name, organization's FEIN number, the date and place of the contribution, and a detailed description of the property.
 - The FMV of the property at the time contributed and how FMV was calculated (if by appraisal, a signed copy of the appraisal should be retained).
 - The property's cost or basis (if ordinary income or short-term capital gain property).
 - The terms or conditions attached to the gift.
- Retain all documentation with your tax records.
- For noncash contributions, keep detailed records of the property donated, including how you determined its value.

As always, please feel free to contact us if you have any questions.

Yours truly,

Green, Polack & Company
Accountancy Corporation
October 1, 2025