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Charitable Donations that are Tax Deductible

If you want to claim tax deductions for your charitable giving, there are a few things you have to bear in mind. The most important thing to know is that not all giving to charities qualifies for a tax deduction. However, expenses incurred while making your charitable donations are tax-deductible but at a much lower rate than most expect.

For instance, if you intend to deduct the cost of traveling while making your charitable donations, the expenses rate is only 14 cents per mile, far below the commercial rate of 51 cents per mile.

You might not know that if your charitable act is in the form of buying some goods or services, you must deduct the value of your purchase from the price you paid and only claim a tax deduction for the net amount. For example, if you bought tickets to a charity dinner, you have to deduct the value of the food, drinks and entertainment you received. The charitable organization would be able to provide you with a written confirmation of these values for your deduction purposes.

This is why purchases of goods for charity (like Girl Scout cookies) are generally not tax-deductible. The value of the goods purchased is equal to

the amount you paid so there is nothing left to claim.

Likewise, giving to a non-profit making organization does not necessarily mean that you can deduct the amount you gave from your taxes. The government has listed more than 20 types of organizations that are tax-exempt. But not all tax-exempt organizations entitle you to make tax deductions. Generally, if you give to community organizations created for humanitarian, religious, educational, scientific or literary purposes, or for the prevention of cruelty to children or animals, you may deduct your giving from your taxes. But donations to political organizations are not.

The most common tax-exempt organization for which you can deduct your giving are 501 (c) (3) organizations, named after the section of the tax code that govern them. To check if an organization qualifies for tax deductible giving, refer to IRS Publication 78 at the IRS website, www.irs.gov.

Alternatively, you could ask the organizations themselves.

In order to successfully make a tax deduction from your charitable giving, you must have accurate documents to verify your deductions. And finally, you must use IRS Form 1040, Schedule A and itemize your charitable contributions. You cannot take the standard deductions.