

Income Tax Charitable Deduction

Concept Applied:

Making a gift to a qualified charitable organization during life lets donors see their donations at work. Donors who itemize also enjoy a tax deduction (subject to limitations).

How It Works:

Cash gifts are deductible up to 60% of adjusted gross income (AGI) for public charities (30% for private foundations).

Appreciated property is deductible at fair market value up to 30% of AGI, or cost basis up to 50% of adjusted gross income.

Tangible personal property (i.e., collectibles) is deductible at fair market value if used for the charity's exempt purpose (if not, the donor may only deduct the cost basis).

Intellectual property, life insurance, artworks and motor vehicles have special valuation rules.

An individual must obtain a written appraisal for gifts (other than cash and publicly traded securities) valued over \$5,000.

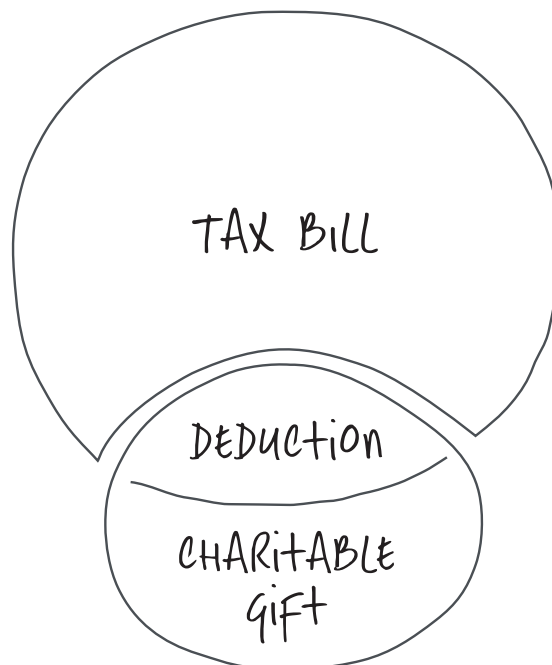
Donors may carry over and use excess charitable deductions for five years.

Why Is It Useful?

Because an income tax deduction means a smaller tax bill, it may allow donors to make larger gifts than might otherwise have been possible.

50 Words or Less

Philanthropically minded individuals can take itemized federal income tax deductions for contributions of money or property made to qualified charities during that tax year—subject to limitations. Donors who itemize can only claim a deduction for gift amounts that exceed 0.5% of adjusted gross income (AGI).



This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

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