

Noncash Charitable Donations

Many investors will seek to offset potential tax liabilities by maximizing charitable donations. Making noncash charitable contributions can be a great way to do so. Following are answers to commonly asked questions regarding charitable donations.

Q: What are the requirements for using charitable donations to offset my tax liabilities?

A: Charitable donations can only be used to reduce your tax liabilities if you itemize deductions on your tax return. Typically, you would itemize if the combined total of your anticipated deductions, including charitable contributions, equals more than the standard deduction.

To be eligible for a charitable deduction, the contribution must be made to a qualified organization. Gifts to individuals are never deductible. Also, if you receive a benefit from the contribution to the qualified organization, such as admission to an event, goods or services, you are only eligible to deduct the amount that exceeds the fair market value of the benefit received.

Q: How can I deduct noncash donations?

A: For any noncash charitable contribution of \$250 or more, you must maintain a receipt from the qualified organization.¹ In addition to providing a description of the donation, this receipt must state whether any goods or services were provided in exchange for the donation as well as the value of such goods/services.

If the amount of the noncash donation is greater than \$500, the IRS requires you to include Form 8283 with your tax return. If the amount of the noncash donation is more than \$5,000, you will also need a qualified appraisal of the noncash property.¹

Q: Is there a limit to the amount I can deduct?

A: Yes, and the noncash charitable contributions limit varies based on the type of charitable organization that receives your donation.

- When you make donations to public organizations such as churches, educational institutions and hospitals, your total charitable deduction (including both cash and noncash donations) cannot exceed 50% of your adjusted gross income (AGI).
- When you make donations to private organizations such as veterans' groups, fraternal societies, nonprofit cemeteries and certain private foundations, the maximum deduction cannot exceed 30% of your AGI.²



Questions?

For assistance with reporting your noncash charitable donations for tax purposes, consider reaching out to your wealth advisor who can coordinate with your tax professional to help minimize your tax burden.

For more information visit: marinerwealthadvisors.com

¹ ["Topic No. 506 Charitable Contributions,"](#) irs.gov

² ["Charitable Contribution Deductions,"](#) irs.gov

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