

Deductible Charitable Contributions

There are two reasons why we give to charitable organizations. First is to further a cause which aligns with your religious, social, and local interests. Second is for a deduction against taxable income to lower your income tax liability. To ensure a proper tax deduction, you should consider the following rules:

- The organization must qualify as an IRC 501(c)(3) organization. They should be able to provide you a copy of their acceptance letter from IRS. If not, you can either visit the secretary of state's website or office where they are located, or to guidestar.org to check out their qualifications and judge their mission reporting. They either need the IRS letter or be a public or religious organization.
- Large gifts from retirement assets are a nifty idea. IRS does allow qualified distributions to go directly to a charitable organization to avoid income tax on the retirement income. This is an excellent income and estate tax saving strategy.
- As with most tax deductions, documentation is important. Documentation includes a letter from the organization (for amounts over \$250), cancelled checks, and a receipt. The more documents, the better. You should have some type of valuation of small non-cash gifts and for large gifts a valuation is probably mandatory.

Olbricht Storniolo Group, LLC can assist you in charitable gift planning for saving income tax and to reduce estate tax. Please call us for any questions and planning.



www.OSGroupCPAs.com

Olbricht Storniolo Group is proud to present this general information and is not specific to your situation. This should not constitute tax and accounting advice as your individual financial and tax situations may be different. PLEASE SEEK professional advice from your own professional team of lawyers and CPAs, or contact us to obtain proper advice on using this general information.