

## Appendix 2

## Substantiation Guide for Charitable Contributions

**Explanation:** This table describes the types of contemporaneous documentation required to substantiate various types of charitable contributions. Failing to maintain the proper documentation generally results in the donation being nondeductible.

TYPE OF GIFT	AMOUNT GIVEN IN A SINGLE DONATION <sup>a</sup>				
	Less than \$250	\$250 to \$500	Over \$500 to \$5,000	Over \$5,000 to \$10,000 <sup>b</sup>	Over \$10,000
<b>1. Cash</b>	Bank record <i>or</i> written receipt from charity showing charity's name, amount, and date of donation	Acknowledgment from the charity <sup>c</sup>	Same as preceding column	Same as preceding column	Same as preceding column
<b>2. Payroll deduction</b>	Paystub, W-2, or other employer statement showing amount withheld, <i>plus</i> pledge card or other document from charity showing its name	Paystub, W-2, or other employer statement showing amount withheld, <i>plus</i> pledge card or an acknowledgment from the charity <sup>d</sup>	Same as preceding column	Same as preceding column	Same as preceding column
<b>3. Out-of-pocket expenses while serving as a volunteer</b>	Canceled checks, receipts, or other records showing date, amount, description, and reason for expenditure	Same as preceding column, <i>plus</i> a proper acknowledgment from the charity <sup>e</sup>	Same as preceding column	Same as preceding column	Same as preceding column
<b>4. Noncash:</b>					
<b>a. Publicly traded stock</b>	A receipt with the charity's name and the date, location, and description of the donation <i>or</i> reliable written records <sup>f,j</sup>	Acknowledgment from the charity <sup>c</sup> Written records <sup>f,j</sup>	Same as preceding column, <i>plus</i> written records <sup>f,k</sup> Form 8283, Section A	Same as preceding column	Same as preceding column
<b>b. Nonpublicly traded stock</b>	A receipt with the charity's name and the date, location, and description of the donation <i>or</i> reliable written records <sup>f,j</sup>	Acknowledgment from the charity <sup>c</sup> Written records <sup>f,j</sup>	Same as preceding column, <i>plus</i> written records <sup>f,k</sup> Form 8283, Section A	Same as preceding column, except Section B of Form 8283	Same as preceding column, plus the donor must have a qualified appraisal prepared before the tax return is due <sup>g</sup>

TYPE OF GIFT	AMOUNT GIVEN IN A SINGLE DONATION <sup>a</sup>				
	Less than \$250	\$250 to \$500	Over \$500 to \$5,000	Over \$5,000 to \$10,000 <sup>b</sup>	Over \$10,000
<b>c. Inventory or depreciable property donated by a C corporation for care of the ill, needy, or infants</b>	Written statement that the charity intends to comply with certain restrictions related to the donation <sup>h</sup>	Same as preceding column, <i>plus</i> a proper acknowledgment from the charity <sup>e</sup> Written records <sup>f, j</sup>	Same as preceding column	Same as preceding column <sup>i</sup> Form 8283, Section B	Same as preceding column
<b>d. Artwork</b>	A receipt with the charity's name, the date, location, and description of the donation <sup>f, j</sup> <i>or</i> reliable written records <sup>f, j</sup>	Acknowledgment from the charity <sup>e</sup> Written records <sup>f, j</sup>	Same as preceding column Form 8283, Section A	Same as preceding column, except Section B of Form 8283, <i>plus</i> the donor must have a qualified appraisal prepared before the tax return is due	Same as preceding column, <i>plus</i> for individual objects valued at \$20,000 or more, attach the appraisal to the return and keep a photograph of sufficient size and quality to fully show the object
<b>e. Vehicles, boats, and airplanes</b>					
• Charity sells without significant use or material improvement	Receipt or reliable written records <sup>f, j</sup>	Form 1098-C or other acknowledgment from the charity <sup>e</sup> Written records <sup>f, j</sup>	Form 1098-C or other acknowledgment with same information (attached to tax return) <sup>f</sup> Reliable written records <sup>f</sup> Form 8283, Section A	Same as preceding column, except Section B of Form 8283	Same as preceding column
• Charity gives or sells at a significantly discounted price to needy individual in a qualified transfer	Receipt or reliable written records <sup>f, j</sup>	Form 1098-C or other acknowledgment from the charity <sup>e</sup> Written records <sup>f, j</sup>	Form 1098-C or other acknowledgment with same information (attached to tax return) Reliable written records <sup>f</sup> Form 8283, Section A	Same as preceding column, except Section B of Form 8283, <i>plus</i> a qualified appraisal	Same as preceding column
• Significant use or material improvement by charity	Receipt or reliable written records <sup>f, j</sup>	Form 1098-C or other acknowledgment from the charity <sup>e</sup> Written records <sup>f, j</sup>	Form 1098-C or other acknowledgment with the same information (attached to tax return) Reliable written records <sup>f</sup> Form 8283, Section A	Same as preceding column, except Section B of Form 8283, <i>plus</i> a qualified appraisal	Same as preceding column



TYPE OF GIFT	AMOUNT GIVEN IN A SINGLE DONATION <sup>a</sup>				
	Less than \$250	\$250 to \$500	Over \$500 to \$5,000	Over \$5,000 to \$10,000 <sup>b</sup>	Over \$10,000
<b>f. All other noncash donations</b>	Receipt or reliable written records <sup>f, j</sup>	Acknowledgment from the charity <sup>c</sup> Written records <sup>f, j</sup>	Same as preceding column, <i>plus</i> written records <sup>f, k</sup> Form 8283, Section A	Same as preceding column, except Section B of Form 8283, <i>plus</i> a qualified appraisal	Same as preceding column
<b>g. Patents and other intellectual property</b>					
<ul style="list-style-type: none"> <li>Donor's statement of intent at time of contribution</li> </ul>	A receipt with the charity's name, the date, location, and description of the donation <i>or</i> reliable written records <sup>f</sup>	Acknowledgment from the charity <sup>c</sup> Written records <sup>f</sup>	Same as preceding column Donor must provide to the charity a statement identifying: <ul style="list-style-type: none"> <li>his or her name, address, and TIN;</li> <li>a detailed description of the intellectual property;</li> <li>the date of the contribution; and</li> <li>the donor's intent to treat the contribution as a qualified intellectual property donation.</li> </ul> Form 8283, Section A	Same as preceding column, except Section B of Form 8283	Same as preceding column
<ul style="list-style-type: none"> <li>Donee's annual acknowledgment of income generated</li> </ul>	A receipt with the charity's name, the date, location, and description of the donation <i>or</i> bank records (canceled check)	Acknowledgment from the charity Written records <sup>f, j</sup>	Same as preceding column The donee must report on Form 8899: <ul style="list-style-type: none"> <li>the donor's name, address, and TIN;</li> <li>a detailed description of the intellectual property;</li> <li>the date of the contribution; and</li> <li>the amount of the net income allocable to the donated property</li> </ul> Form 8283, Section A	Same as preceding column, except Section B of Form 8283	Same as preceding column



**Notes:**

- <sup>a</sup> If a donor receives something other than *de minimis* items (such as a calendar or key chain) in return for a donation of more than \$75, the charity must provide a statement informing the donor that the charitable deduction is limited to the excess of the contribution over the value of the goods or services provided by the charity (with a good faith estimate of the value of the goods or services provided).
- <sup>b</sup> Multiple noncash items donated during a tax year must be aggregated to determine whether the \$5,000 threshold is met if the items are of the same generic category (e.g., stamps, coins, lithographs, paintings, books, nonpublicly traded stock, land, or buildings). This rule applies even if the items are not all donated to the same charity.
- <sup>c</sup> The acknowledgment must include (1) the amount of cash and a description of any other property given, (2) a statement indicating whether the charity provided any goods or services in return for the donation, and (3) if goods or services were provided, a description and good faith estimate of their value, plus a statement that only the contribution in excess of this value is deductible. (If the only goods or services provided were intangible religious benefits, such as admittance to a worship service, then a statement to that effect can be made in lieu of valuing the benefits.) The acknowledgment must be received by the *earlier* of (1) the date the donor's return for the year of the donation is filed or (2) the extended due date of that return. The \$250 threshold is applied to each contribution separately [Reg. 1.170A-13(f)(1)]. Therefore, if a donor makes multiple contributions to the same organization totaling \$250 or more in a single year, but each gift is less than \$250, written acknowledgment is not required unless the smaller gifts are parts of a series of related contributions made to avoid the substantiation requirements.
- <sup>d</sup> A pledge card or other written document from the charity that includes a statement saying the organization did not provide goods or services in return for donations made by payroll deduction satisfies the written acknowledgment requirement. The \$250 threshold is applied by treating each payroll deduction as a separate contribution [Reg. 1.170A-13(f)(11)]. Therefore, this written acknowledgment must be obtained only if \$250 or more is withheld from each paycheck.
- <sup>e</sup> The acknowledgment from the charity must include (1) a description of the services rendered, (2) a statement indicating whether the charity provided any goods or services in return for these services, and (3) if goods or services were provided, a description and good faith estimate of their value (or a statement that only intangible religious benefits were provided). The acknowledgment must be received by the earlier of the date the volunteer's tax return for the year of the deduction is filed or the return's extended due date.
- <sup>f</sup> The donor's written records must include: (1) the name and address of the charity; (2) a detailed description of the donated property; (3) the date and location of donation; (4) the donation's fair market value, how it was determined, and a copy of the appraisal if one was obtained; (5) the property's cost or basis (if ordinary income or short-term capital gain property); (6) the terms or conditions attached to the gift, if any; (7) information related to contributions of partial interests; if any. If the donation is over \$500, written records must also include how and when the taxpayer got the property and the property's cost or basis (basis information not required for property held 12 months or more).
- <sup>g</sup> If the donation is greater than \$500,000, a qualified appraisal must be attached to the return.
- <sup>h</sup> Businesses that donate inventory and other ordinary income or short-term capital gain property normally are limited to a charitable deduction equal to the property's basis, even if the property's value is greater. However, corporate donors (other than S corporations) may deduct some of the value over basis if the property is donated to a public charity (or private operating foundation) and certain other requirements are met.
- <sup>i</sup> Solely for determining if a corporate donor's noncash contributions must comply with the documentation rules for donations exceeding \$5,000, gifts of (1) inventory for the care of the ill, the needy, or infants and (2) scientific equipment used for research are only counted to the extent their value exceeds what would have been included in cost of goods sold if the items had been sold rather than donated.
- <sup>j</sup> IRS Pub. 526 states that written records must be kept in all cases. However, Reg. 1.170A-13(b)(1) states that taxpayers are required to maintain written records regarding the donated property only if they do not receive a receipt from the charity because it is impractical to do so.
- <sup>k</sup> For securities valued over \$500, written records must include the issuer's name, the type of security, and whether it is regularly traded on a stock exchange or over-the-counter market.