

# General Information

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## Income tax benefits

In order to receive maximum income tax benefits from charitable gifts, a donor must be in a position to itemize deductions on his or her income tax return. What if a donor doesn't have enough deductions to qualify for itemization in a given year? By combining more than one year's charitable gifts and other deductible expenditures into a single tax year, the donor may be able to boost his or her total deductions over the minimum amount required in order to itemize. As a result, it may be possible to reap tax benefits from otherwise non-deductible charitable gifts and other expenses (such as property taxes on a home).

## Carrying over excess deductions

If a person gives more than the deductible limits for gifts in any one year, he or she may "carry over" any remaining deductions and make use of them over the next five tax years.

## Giving appreciated property

Property that has increased in value and been held for the long-term holding period defined by law (currently one year and a day) is generally deductible for its current market value up to 30% of adjusted gross income (AGI). Exception: Tangible personal property (for example, art, antiques, collections, or jewelry) is deductible at full present value only if it is used in the furtherance of the recipient's tax-exempt purpose. If not (for example, if it is to be resold immediately), the deduction is generally limited to the original price paid for the property or its current value, whichever is lower.

**Appraisals.** To claim a deduction for certain gifts of non-cash property, it is necessary to obtain a qualified appraisal of the property. A "qualified appraisal" is required when non-cash property gifts have a claimed value of more than \$5,000 (\$10,000 for gifts of closely held stock). Exception: Publicly traded securities, such as stocks and mutual funds. See [IRS Form 8283](#) (and [instructions](#)) for details.

**Gift substantiation rules.** For all gifts of \$250 or more, donors must have a written acknowledgment and retain it with their tax records. Such letters must state the value of any benefits received by a donor in connection with their donation.

## Guidelines for drafting charitable trusts

To aid drafters of charitable remainder trusts, the IRS has issued specimen provisions to be included in the trust agreements. Many of these can be found in [Rev. Proc. 2003-53 through 2003-60](#) and [Rev. Proc. 2005-52 through 2005-59](#). Specimen forms for charitable lead trusts can be found in [Rev. Proc. 2007-45 and 2007-46](#). Charitable trust forms that are preferred by particular fiduciaries are also typically available from them upon request.

For more information, see [IRS publication 526](#), charitable contribution; [publication 561](#), determining the value of donated property; and [IRS Form 8283](#) (and [instructions](#)), non-cash contributions.

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