

Givers gain—charity and your taxes

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With tax season quickly approaching, could you use a break on your federal income tax return? The holidays are a common time

to give, but you may think that giving is just not in your budget this year. Fortunately, charitable giving provides a myriad of benefits, not the least of which may be a deduction on your federal income tax return.

So many needs

In order to reap the most benefit from charitable giving, you must first choose an appropriate charity to benefit from your generosity. There are thousands of charities working within a huge variety of causes from which to choose. Perhaps preventing abuse of children or animals is a cause near and dear to your heart, or maybe your concerns center more on saving the environment or bringing awareness and funding research with respect to major illnesses that affect our population. Whatever the cause, you can be certain that there is a charity working to bring positive change in that area. Of course, the causes touched upon here are just a few examples of where your donation can make a difference.

Contributing your way

Once you have decided that you would like to support a charitable cause, it is important to determine how you will contribute. Most will

choose to donate cash; however, you might also consider donating highly appreciated securities, which would allow you to avoid the capital gains tax, and which the charity would not have to pay due to its charitable status.

Aside from a monetary donation, you may also donate goods. For example, you may have a pantry full of uneaten non-perishable food. Consider filling a couple of grocery bags with this food and donating the food to your local food pantry. Likewise, children often grow out of clothes and get bored with their toys while they are still in good repair. Many charities that benefit children would be delighted to receive these gently used clothes and toys to help the children that they serve. Similarly, when you and your old vehicle finally part ways, do not send the vehicle to a junk yard. Many charities accept any vehicle, working or not, as a donation.

The volunteering option

If making a monetary contribution or a donation of goods does not appeal to you, consider volunteering your time to your favorite cause. Nursing homes, animal shelters, hospitals and soup kitchens are all wonderful places to volunteer. While the time you volunteer is not tax deductible, any out-of-pocket expenses associated with volunteering are usually deductible. For example, travel expenses to and from the volunteer site, as well as parking fees and tolls may be deducted.

The last details

When you have decided which cause you would like to help and in what manner, you are almost ready to make a donation. Be certain that the charity has received approval from the Internal Revenue Service (“IRS”) as being eligible to receive tax deductible contributions. You can determine the tax exempt status of an organization either by contacting your local IRS office, or by asking the organization for a copy of its “Letter of Determination,” which is the formal notification the organization receives from the IRS once its tax exempt status has been approved. Also, IRS Publication 78, Cumulative List of Organizations, is an annual listing of thousands of tax-exempt organizations to which contributions are deductible as charitable donations.

You should also be aware that donations claimed as tax deductible contributions for 2017 must be actually paid to the charity on or before December 31, 2017. Also, it is best to always obtain a receipt for your donation regardless of the amount. Further, in order to claim a charitable deduction, you must itemize on your federal tax return. When you give to organizations that are public charities, you may deduct contributions representing up to 50% of your adjusted gross income. Individuals giving to organizations that are private

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foundations may generally deduct contributions representing up to 30% of their adjusted gross income. These deductions can result in significant savings when you pay your taxes.

Charitable giving is extremely rewarding. You will not only reap the benefit of knowing that you are helping to make a difference in this world, but when tax season comes you may enjoy a beneficial tax deduction as well. When it comes to minimizing federal income taxes, givers gain.

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