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Certain Cash Contributions for Haiti Relief Can Be Deducted on Your 2009 Tax Return

A new law allows you to choose to deduct certain charitable contributions of money on your 2009 tax return instead of your 2010 return. The contributions must have been made after January 11, 2010, and before March 1, 2010, for the relief of victims in areas affected by the January 12, 2010, earthquake in Haiti. Contributions of money include contributions made by cash, check, money order, credit card, charge card, debit card, or via cell phone.

The new law was enacted after the 2009 forms, instructions, and publications had already been printed. When preparing your 2009 tax return, you may complete the forms as if these contributions were made on December 31, 2009, instead of in 2010. To deduct your charitable contributions, you must itemize deductions on Schedule A (Form 1040) or Schedule A (Form 1040NR).

The contribution must be made to a qualified organization and meet all other requirements for charitable contribution deductions. However, if you made the contribution by phone or text message, a telephone bill showing the name of the donee organization, the date of the contribution, and the amount of the contribution will satisfy the recordkeeping requirement. Therefore, for example, if you made a $10 charitable contribution by text message that was charged to your telephone or wireless account, a bill from your telecommunications company containing this information satisfies the recordkeeping requirement.

Department
of the
Treasury

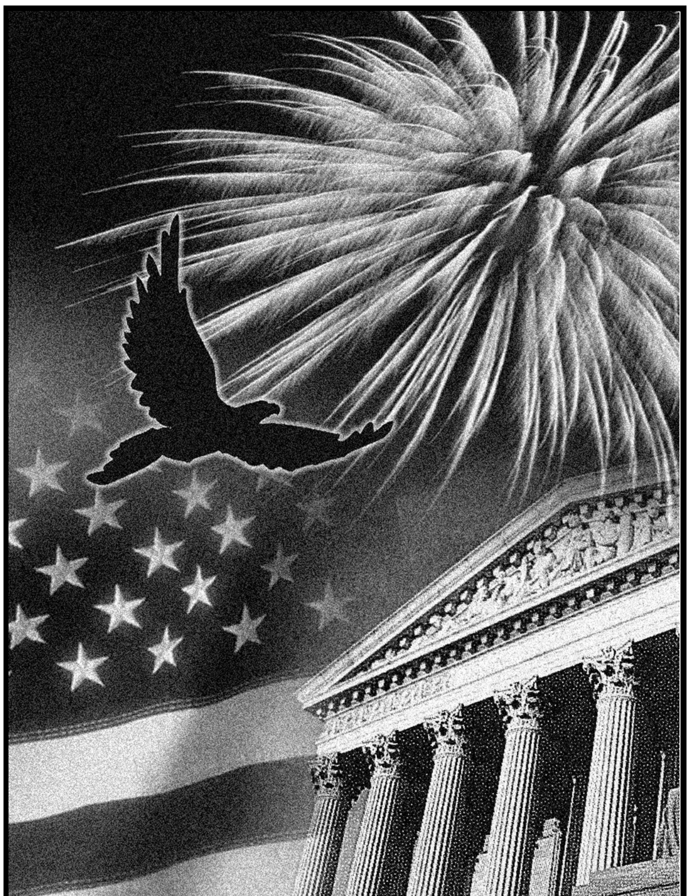
**Internal
Revenue
Service**

Publication 526
Cat. No. 15050A

Charitable Contributions

For use in preparing

2009 Returns



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Dec 16, 2009

Contents

What's New

Limit on itemized deductions. For 2009, if your adjusted gross income is more than $166,800 ($83,400 if you are married filing separately), you may have to reduce the amount of certain itemized deductions, including charitable contributions. For more information and a worksheet, see the instructions for Schedule A (Form 1040).

Expired provisions. The following provisions have expired and will not apply for 2009.

- The higher standard mileage rate and exclusion for mileage reimbursements if you used your car to provide relief related to Midwestern disaster areas.
- Temporary suspension of the 50% limit and overall limit on itemized deductions for Midwestern disaster area contributions.
- Special rule for donations of food inventory by farmers and ranchers.

Reminders

Disaster relief. You can deduct contributions for flood relief, hurricane relief, or other disaster relief to a qualified organization (defined under *Organizations That Qualify To Receive Deductible Contributions*). However, you cannot deduct contributions earmarked for relief of a particular individual or family.

Introduction

This publication explains how to claim a deduction for your charitable contributions. It discusses organizations that are qualified to receive deductible charitable contributions, the types of contributions you can deduct, how much you can deduct, what records to keep, and how to report charitable contributions.

A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value.

Qualified organizations. Qualified organizations include nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals. You will find descriptions of these organizations under *Organizations That Qualify To Receive Deductible Contributions.*

Form 1040 required. To deduct a charitable contribution, you must file Form 1040 and itemize deductions on Schedule A. The amount of your deduction may be limited if certain rules and limits explained in this publication apply to you.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can write to us at the following address:

Internal Revenue Service
Individual Forms and Publications Branch
SE:W:CAR:MP:T:I
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

You can email us at *taxforms@irs.gov*. (The asterisk must be included in the address.) Please put "Publications Comment" on the subject line. Although we cannot respond individually to each email, we do appreciate your feedback and will consider your comments as we revise our tax products.

Ordering forms and publications. Visit *www.irs.gov/formspubs* to download forms and publications, call 1-800-829-3676, or write to the address below and receive a response within 10 days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

Tax questions. If you have a tax question, check the information available on *www.irs.gov* or call 1-800-829-1040. We cannot answer tax questions sent to either of the above addresses.

Useful Items

You may want to see:

Publication

- ❏ **78** Cumulative List of Organizations
- ❏ **561** Determining the Value of Donated Property

Form (and Instructions)

- ❏ **Schedule A (Form 1040)** Itemized Deductions
- ❏ **8283** Noncash Charitable Contributions

See *How To Get Tax Help* near the end of this publication for information about getting these publications and forms.

Table 1. **Examples of Charitable Contributions—A Quick Check**

Use the following lists for a quick check of contributions you can or cannot deduct. See the rest of this publication for more information and additional rules and limits that may apply.

Deductible As Charitable Contributions	Not Deductible As Charitable Contributions
Money or property you give to:	Money or property you give to:
• Churches, synagogues, temples, mosques, and other religious organizations	• Civic leagues, social and sports clubs, labor unions, and chambers of commerce
• Federal, state, and local governments, if your contribution is solely for public purposes (for example, a gift to reduce the public debt)	• Foreign organizations (except certain Canadian, Israeli, and Mexican charities)
• Nonprofit schools and hospitals	• Groups that are run for personal profit
• Public parks and recreation facilities	• Groups whose purpose is to lobby for law changes
• Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc.	• Homeowners' associations
• War veterans' groups	• Individuals
• Charitable organizations listed in Publication 78	• Political groups or candidates for public office
• Expenses paid for a student living with you, sponsored by a qualified organization	• Cost of raffle, bingo, or lottery tickets
• Out-of-pocket expenses when you serve a qualified organization as a volunteer	• Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups
	• Tuition
	• Value of your time or services
	• Value of blood given to a blood bank

Organizations That Qualify To Receive Deductible Contributions

You can deduct your contributions only if you make them to a qualified organization. To become a qualified organization, most organizations other than churches and governments, as described below, must apply to the IRS.

Publication 78. You can ask any organization whether it is a qualified organization, and most will be able to tell you. Or you can check IRS Publication 78, which lists most qualified organizations. You may find Publication 78 in your local library's reference section. Or you can find it on the Internet at *www.irs.gov/app/pub-78*. You can also call the IRS to find out if an organization is qualified. Call **1-877-829-5500**. (For TTY/TDD help, call **1-800-829-4059**.)

Types of Qualified Organizations

Generally, only the five following types of organizations can be qualified organizations.

1. A community chest, corporation, trust, fund, or foundation organized or created in or under the laws of the United States, any state, the District of Columbia, or any possession of the United States (including Puerto Rico). It must be organized and operated only for one or more of the following purposes.
   a. Religious.
   b. Charitable.
   c. Educational.
   d. Scientific.
   e. Literary.
   f. The prevention of cruelty to children or animals.

   Certain organizations that foster national or international amateur sports competition also qualify.

2. War veterans' organizations, including posts, auxiliaries, trusts, or foundations, organized in the United States or any of its possessions.
3. Domestic fraternal societies, orders, and associations operating under the lodge system.

   Note. Your contribution to this type of organization is deductible only if it is to be used solely for charitable, religious, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.
4. Certain nonprofit cemetery companies or corporations.

   Note. Your contribution to this type of organization is not deductible if it can be used for the care of a specific lot or mausoleum crypt.
5. The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions.

   Note. To be deductible, your contribution to this type of organization must be made solely for public purposes.

   Example 1. You contribute cash to your city's police department to be used as a reward for information about a crime. The city police department is a qualified organization, and your contribution is for a public purpose. You can deduct your contribution.

   Example 2. You make a voluntary contribution to the social security trust fund, not earmarked for a specific account. Because the trust fund is part of the U.S. Government, you contributed to a qualified organization. You can deduct your contribution.

Examples. The following list gives some examples of qualified organizations.

- Churches, a convention or association of churches, temples, synagogues, mosques, and other religious organizations.
- Most nonprofit charitable organizations such as the Red Cross and the United Way.
- Most nonprofit educational organizations, including the Boy (and Girl) Scouts of America, colleges, museums, and daycare centers if substantially all the childcare provided is to enable individuals (the parents) to be gainfully employed and the services are available to the general public. However, if your contribution is a substitute for tuition or other enrollment fee, it is not deductible as a charitable contribution, as explained later under *Contributions You Cannot Deduct.*
- Nonprofit hospitals and medical research organizations.
- Utility company emergency energy programs, if the utility company is an agent for a charitable organization that assists individuals with emergency energy needs.
- Nonprofit volunteer fire companies.
- Public parks and recreation facilities.
- Civil defense organizations.

Canadian charities. You may be able to deduct contributions to certain Canadian charitable organizations covered under an income tax treaty with Canada.

To deduct your contribution to a Canadian charity, you generally must have income from sources in Canada. See Publication 597, Information on the United States-Canada Income Tax Treaty, for information on how to figure your deduction.

Mexican charities. You may be able to deduct contributions to certain Mexican charitable organizations under an income tax treaty with Mexico.

The organization must meet tests that are essentially the same as the tests that qualify U.S. organizations to receive deductible contributions. The organization may be able to tell you if it meets these tests.

If not, you can get general information about the tests the organization must meet by writing to the:

Internal Revenue Service
International Section
P.O. Box 920
Bensalem, PA 19020-8518.

To deduct your contribution to a Mexican charity, you must have income from sources in Mexico. The limits described in *Limits on Deductions,* later, apply and are figured using your income from Mexican sources. Those limits also apply to all your charitable contributions, as described in that discussion.

Israeli charities. You may be able to deduct contributions to certain Israeli charitable organizations under an income tax treaty with Israel. To qualify for the deduction, your contribution must be made to an organization created and recognized as a charitable organization under the laws of Israel. The deduction will be allowed in the amount that would be allowed if the organization was created under the laws of the United States, but is limited to 25% of your adjusted gross income from Israeli sources.

Contributions You Can Deduct

Generally, you can deduct your contributions of money or property that you make to, or for the use of, a qualified organization. A gift or contribution is "for the use of" a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

The contributions must be made to a qualified organization and not set aside for use by a specific person.

If you give property to a qualified organization, you generally can deduct the fair market value of the property at the time of the contribution. See *Contributions of Property,* later.

Your deduction for charitable contributions is generally limited to 50% of your adjusted gross income, but in some cases 20% and 30% limits may apply. In addition, the total of your charitable contributions deduction and certain other itemized deductions may be limited. See *Limits on Deductions,* later.

Table 1 in this publication lists some examples of contributions you can deduct and some that you cannot deduct.

Contributions From Which You Benefit

If you receive a benefit as a result of making a contribution to a qualified organization, you can deduct only the amount of your contribution that is more than the value of the benefit you receive. Also see *Contributions From Which You Benefit* under *Contributions You Cannot Deduct,* later.

If you pay more than fair market value to a qualified organization for merchandise, goods, or services, the amount you pay that is more than the value of the item can be a charitable contribution. For the excess amount to qualify, you must pay it with the intent to make a charitable contribution.

Example 1. You pay $65 for a ticket to a dinner-dance at a church. All the proceeds of the function go to the church. The ticket to the dinner-dance has a fair market value of $25. When you buy your ticket, you know that its value is less than your payment. To figure the amount of your charitable contribution, you subtract the value of the benefit you receive ($25) from your total payment ($65). You can deduct $40 as a charitable contribution to the church.

Example 2. At a fund-raising auction conducted by a charity, you pay $600 for a week's stay at a beach house. The amount you pay is no more than the fair rental value. You have not made a deductible charitable contribution.

Athletic events. If you make a payment to, or for the benefit of, a college or university and, as a result, you receive the right to buy tickets to an athletic event in the athletic stadium of the college or university, you can deduct 80% of the payment as a charitable contribution.

If any part of your payment is for tickets (rather than the right to buy tickets), that part is not deductible. In that case, subtract the price of the tickets from your payment. 80% of the remaining amount is a charitable contribution.

Example 1. You pay $300 a year for membership in an athletic scholarship program maintained by a university (a qualified organization). The only benefit of membership is that you have the right to buy one season ticket for a seat in a designated area of the stadium at the university's home football games. You can deduct $240 (80% of $300) as a charitable contribution.

Example 2. The facts are the same as in *Example 1* except that your $300 payment included the purchase of one season ticket for the stated ticket price of $120. You must subtract the usual price of a ticket ($120) from your $300 payment. The result is $180. Your deductible charitable contribution is $144 (80% of $180).

Charity benefit events. If you pay a qualified organization more than fair market value for the right to attend a charity ball, banquet, show, sporting event, or other benefit event, you can deduct only the amount that is more than the value of the privileges or other benefits you receive.

If there is an established charge for the event, that charge is the value of your benefit. If there is no established charge, your contribution is that part of your payment that is more than the reasonable value of the right to attend the event. Whether you use the tickets or other privileges has no effect on the amount you can deduct. However, if you return the ticket to the qualified organization for resale, you can deduct the entire amount you paid for the ticket.

CAUTION *Even if the ticket or other evidence of payment indicates that the payment is a "contribution," this does not mean you can deduct the entire amount. If the ticket shows the price of admission and the amount of the contribution, you can deduct the contribution amount.*

Example. You pay $40 to see a special showing of a movie for the benefit of a qualified organization. Printed on the ticket is "Contribution–$40." If the regular price for the movie is $8, your contribution is $32 ($40 payment – $8 regular price).

Membership fees or dues. You may be able to deduct membership fees or dues you pay to a qualified organization. However, you can deduct only the amount that is more than the value of the benefits you receive. You cannot deduct dues, fees, or assessments paid to country clubs and other social organizations. They are not qualified organizations.

Certain membership benefits can be disregarded. Both you and the organization can disregard certain membership benefits you get in return for an annual payment of $75 or less to the qualified organization. The benefits that can be disregarded are:

1. Any rights or privileges, other than those discussed under *Athletic events,* earlier, that you can use frequently while you are a member, such as:
   a. Free or discounted admission to the organization's facilities or events,
   b. Free or discounted parking,
   c. Preferred access to goods or services, and
   d. Discounts on the purchase of goods and services.
2. Admission, while you are a member, to events that are open only to members of the organization if the organization reasonably projects that the cost per person (excluding any allocated overhead) is not more than $9.50.

Token items. You can deduct your entire payment to a qualified organization as a charitable contribution if both of the following are true.

1. You get a small item or other benefit of token value.
2. The qualified organization correctly determines that the value of the item or benefit you received is not substantial and informs you that you can deduct your payment in full.

The organization determines whether the value of an item or benefit is substantial by using Revenue Procedures 90-12 and 92-49 and the inflation adjustment in Revenue Procedure 2008-66.

Written statement. A qualified organization must give you a written statement if you make a payment to it that is more than $75 and is partly a contribution and partly for goods or services. The statement must tell you that you can deduct only the amount of your payment that is more than the value of the goods or services you received. It must also give you a good faith estimate of the value of those goods or services.

The organization can give you the statement either when it solicits or when it receives the payment from you.

Exception. An organization will not have to give you this statement if one of the following is true.

1. The organization is:
   a. The type of organization described in (5) under *Types of Qualified Organizations,* earlier, or
   b. Formed only for religious purposes, and the only benefit you receive is an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in commercial transactions outside the donative context.
2. You receive only items whose value is not substantial as described under *Token items,* earlier.
3. You receive only membership benefits that can be disregarded, as described earlier.

Expenses Paid for Student Living With You

You may be able to deduct some expenses of having a student live with you. You can deduct qualifying expenses for a foreign or American student who:

1. Lives in your home under a written agreement between you and a qualified organization (defined later) as part of a program of the organization to provide educational opportunities for the student,
2. Is not your relative (defined later) or dependent (also defined later), and
3. Is a full-time student in the twelfth or any lower grade at a school in the United States.

TIP *You can deduct up to $50 a month for each full calendar month the student lives with you. Any month when conditions (1) through (3) above are met for 15 or more days counts as a full month.*

Qualified organization. For these purposes, a qualified organization can be any of the organizations described earlier under *Organizations That Qualify To Receive Deductible Contributions*, except those in (4) and (5). For example, if you are providing a home for a student through a state or local government agency, you cannot deduct your expenses as charitable contributions.

Relative. The term "relative" means any of the following persons.

- Your child, stepchild, foster child, or a descendant of any of them (for example, your grandchild). A legally adopted child is considered your child.
- Your brother, sister, half brother, half sister, stepbrother, or stepsister.
- Your father, mother, grandparent, or other direct ancestor.
- Your stepfather or stepmother.
- A son or daughter of your brother or sister.
- A brother or sister of your father or mother.
- Your son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

Dependent. The term "dependent" for this purpose means:

1. A person you can claim as a dependent, or
2. A person you could have claimed as a dependent except that:
   a. He or she received gross income of $3,650 or more,
   b. He or she filed a joint return, or
   c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2009 return.

Qualifying expenses. Expenses that you may be able to deduct include the cost of books, tuition, food, clothing, transportation, medical and dental care, entertainment, and other amounts you actually spend for the well-being of the student.

Expenses that do not qualify. Depreciation on your home, the fair market value of lodging, and similar items are not considered amounts spent by you. In addition, general household expenses, such as taxes, insurance, repairs, etc., do not qualify for the deduction.

Reimbursed expenses. If you are compensated or reimbursed for any part of the costs of having a student living with you, you cannot deduct any of your costs. However, if you are reimbursed for only an extraordinary or a one-time item, such as a hospital bill or vacation trip, that you paid in advance at the request of the student's parents or the sponsoring organization, you can deduct your expenses for the student for which you were not reimbursed.

Mutual exchange program. You cannot deduct the costs of a foreign student living in your home under a mutual exchange program through which your child will live with a family in a foreign country.

Reporting expenses. For a list of what you must file with your return if you deduct expenses

Table 2. **Volunteers' Questions and Answers**

If you do volunteer work for a qualified organization, the following questions and answers may apply to you. All of the rules explained in this publication also apply. See, in particular, *Out-of-Pocket Expenses in Giving Services.*

Question	Answer
I do volunteer work 6 hours a week in the office of a qualified organization. The receptionist is paid $10 an hour to do the same work I do. Can I deduct $60 a week for my time? The office is 30 miles from my home. Can I deduct any of my car expenses for these trips?	No, you cannot deduct the value of your time or services. Yes, you can deduct the costs of gas and oil that are directly related to getting to and from the place where you are a volunteer. If you do not want to figure your actual costs, you can deduct 14 cents for each mile.
I volunteer as a Red Cross nurse's aide at a hospital. Can I deduct the cost of uniforms that I must wear?	Yes, you can deduct the cost of buying and cleaning your uniforms if the hospital is a qualified organization, the uniforms are not suitable for everyday use, and you must wear them when volunteering.
I pay a babysitter to watch my children while I do volunteer work for a qualified organization. Can I deduct these costs?	No, you cannot deduct payments for child care expenses as a charitable contribution, even if they are necessary so you can do volunteer work for a qualified organization. (If you have child care expenses so you can work for pay, get Publication 503, Child and Dependent Care Expenses.)

for a student living with you, see *Reporting expenses for student living with you* under *How To Report*, later.

Out-of-Pocket Expenses in Giving Services

Although you cannot deduct the value of your services given to a qualified organization, you may be able to deduct some amounts you pay in giving services to a qualified organization. The amounts must be:

- Unreimbursed,
- Directly connected with the services,
- Expenses you had only because of the services you gave, and
- Not personal, living, or family expenses.

Table 2 contains questions and answers that apply to some individuals who volunteer their services.

Underprivileged youths selected by charity. You can deduct reasonable unreimbursed out-of-pocket expenses you pay to allow underprivileged youths to attend athletic events, movies, or dinners. The youths must be selected by a charitable organization whose goal is to reduce juvenile delinquency. Your own similar expenses in accompanying the youths are not deductible.

Conventions. If you are a chosen representative attending a convention of a qualified organization, you can deduct unreimbursed expenses for travel and transportation, including a reasonable amount for meals and lodging, while away from home overnight in connection with the convention. However, see *Travel*, later.

You cannot deduct personal expenses for sightseeing, fishing parties, theater tickets, or nightclubs. You also cannot deduct travel, meals and lodging, and other expenses for your spouse or children.

You cannot deduct your expenses in attending a church convention if you go only as a member of your church rather than as a chosen representative. You can deduct unreimbursed expenses that are directly connected with giving services for your church during the convention.

Uniforms. You can deduct the cost and upkeep of uniforms that are not suitable for everyday use and that you must wear while performing donated services for a charitable organization.

Foster parents. You may be able to deduct as a charitable contribution some of the costs of being a foster parent (foster care provider) if you have no profit motive in providing the foster care and are not, in fact, making a profit. A qualified organization must designate the individuals you take into your home for foster care.

You can deduct expenses that meet both of the following requirements.

1. They are unreimbursed out-of-pocket expenses to feed, clothe, and care for the foster child.
2. They must be mainly to benefit the qualified organization.

Unreimbursed expenses that you cannot deduct as charitable contributions may be considered support provided by you in determining whether you can claim the foster child as a dependent. For details, see Publication 501, Exemptions, Standard Deduction, and Filing Information.

Example. You cared for a foster child because you wanted to adopt her, not to benefit the agency that placed her in your home. Your unreimbursed expenses are not deductible as charitable contributions.

Church deacon. You can deduct as a charitable contribution any unreimbursed expenses you have while in a permanent diaconate program established by your church. These expenses include the cost of vestments, books, and transportation required in order to serve in the program as either a deacon candidate or an ordained deacon.

Car expenses. You can deduct unreimbursed out-of-pocket expenses, such as the cost of gas and oil, that are directly related to the use of your car in giving services to a charitable organization. You cannot deduct general repair and maintenance expenses, depreciation, registration fees, or the costs of tires or insurance.

If you do not want to deduct your actual expenses, you can use a standard mileage rate of 14 cents a mile to figure your contribution.

You can deduct parking fees and tolls, whether you use your actual expenses or the standard mileage rate.

You must keep reliable written records of your car expenses. For more information, see *Car expenses* under *Records To Keep,* later.

Travel. Generally, you can claim a charitable contribution deduction for travel expenses necessarily incurred while you are away from home performing services for a charitable organization only if there is no significant element of personal pleasure, recreation, or vacation in the travel. This applies whether you pay the expenses directly or indirectly. You are paying the expenses indirectly if you make a payment to the charitable organization and the organization pays for your travel expenses.

The deduction for travel expenses will not be denied simply because you enjoy providing services to the charitable organization. Even if you enjoy the trip, you can take a charitable contribution deduction for your travel expenses if you are on duty in a genuine and substantial sense throughout the trip. However, if you have only nominal duties, or if for significant parts of the trip you do not have any duties, you cannot deduct your travel expenses.

Example 1. You are a troop leader for a tax-exempt youth group and you help take the group on a camping trip. You are responsible for overseeing the setup of the camp and for providing adult supervision for other activities during the entire trip. You participate in the activities of the group and really enjoy your time with them. You oversee the breaking of camp and you help transport the group home. You can deduct your travel expenses.

Example 2. You sail from one island to another and spend 8 hours a day counting whales and other forms of marine life. The project is sponsored by a charitable organization. In most circumstances, you cannot deduct your expenses.

Example 3. You work for several hours each morning on an archeological dig sponsored by a charitable organization. The rest of the day is free for recreation and sightseeing. You cannot take a charitable contribution deduction even though you work very hard during those few hours.

Example 4. You spend the entire day attending a charitable organization's regional meeting as a chosen representative. In the evening you go to the theater. You can claim your travel expenses as charitable contributions, but you cannot claim the cost of your evening at the theater.

Daily allowance (per diem). If you provide services for a charitable organization and receive a daily allowance to cover reasonable travel expenses, including meals and lodging while away from home overnight, you must include in income the amount of the allowance that is more than your deductible travel expenses. You can deduct your necessary travel expenses that are more than the allowance.

Deductible travel expenses. These include:

- Air, rail, and bus transportation,
- Out-of-pocket expenses for your car,
- Taxi fares or other costs of transportation between the airport or station and your hotel,
- Lodging costs, and
- The cost of meals.

Because these travel expenses are not business-related, they are not subject to the same limits as business related expenses. For information on business travel expenses, see *Travel* in Publication 463, Travel, Entertainment, Gift, and Car Expenses.

Expenses of Whaling Captains

You may be able to deduct as a charitable contribution the reasonable and necessary whaling expenses paid during the year in carrying out sanctioned whaling activities. The deduction is limited to $10,000 a year. To claim the deduction, you must be recognized by the Alaska Eskimo Whaling Commission as a whaling captain charged with the responsibility of maintaining and carrying out sanctioned whaling activities.

Sanctioned whaling activities are subsistence bowhead whale hunting activities conducted under the management plan of the Alaska Eskimo Whaling Commission.

Whaling expenses include expenses for:

- Acquiring and maintaining whaling boats, weapons, and gear used in sanctioned whaling activities,
- Supplying food for the crew and other provisions for carrying out these activities, and
- Storing and distributing the catch from these activities.

RECORDS You must keep records showing the time, place, date, amount, and nature of the expenses. For details, see Revenue Procedure 2006-50, 2006-47 I.R.B. 944, which is available at *www.irs.gov/irb/2006-47_IRB/ar12.html*.

Contributions You Cannot Deduct

There are some contributions you cannot deduct. There are others you can deduct only part of.

You cannot deduct as a charitable contribution:

1. A contribution to a specific individual,
2. A contribution to a nonqualified organization,
3. The part of a contribution from which you receive or expect to receive a benefit,
4. The value of your time or services,
5. Your personal expenses,
6. A qualified charitable distribution from an individual retirement arrangement (IRA),
7. Appraisal fees,
8. Certain contributions to donor advised funds, or
9. Certain contributions of partial interests in property.

Detailed discussions of these items follow.

Contributions to Individuals

You cannot deduct contributions to specific individuals, including the following.

- Contributions to fraternal societies made for the purpose of paying medical or burial expenses of deceased members.
- Contributions to individuals who are needy or worthy. This includes contributions to a qualified organization if you indicate that your contribution is for a specific person. But you can deduct a contribution that you give to a qualified organization that in turn helps needy or worthy individuals if you do not indicate that your contribution is for a specific person.

  Example. You can deduct contributions for flood relief, hurricane relief, or other disaster relief to a qualified organization. However, you cannot deduct contributions earmarked for relief of a particular individual or family.
- Payments to a member of the clergy that can be spent as he or she wishes, such as for personal expenses.
- Expenses you paid for another person who provided services to a qualified organization.

  Example. Your son does missionary work. You pay his expenses. You cannot claim a deduction for your son's unreimbursed expenses related to his contribution of services.
- Payments to a hospital that are for a specific patient's care or for services for a specific patient. You cannot deduct these payments even if the hospital is operated by a city, state, or other qualified organization.

Contributions to Nonqualified Organizations

You cannot deduct contributions to organizations that are not qualified to receive tax-deductible contributions, including the following.

1. Certain state bar associations if:
   a. The state bar is not a political subdivision of a state,
   b. The bar has private, as well as public, purposes, such as promoting the professional interests of members, and
   c. Your contribution is unrestricted and can be used for private purposes.
2. Chambers of commerce and other business leagues or organizations.
3. Civic leagues and associations.
4. Communist organizations.
5. Country clubs and other social clubs.
6. Foreign organizations other than:
   a. A U.S. organization that transfers funds to a charitable foreign organization if the U.S. organization controls the use of the funds or if the foreign organization is only an administrative arm of the U.S. organization, or
   b. Certain Canadian, Israeli, or Mexican charitable organizations. See *Canadian charities, Mexican charities,* and *Israeli charities* under *Organizations That Qualify To Receive Deductible Contributions,* earlier.
7. Homeowners' associations.
8. Labor unions. But you may be able to deduct union dues as a miscellaneous itemized deduction, subject to the 2%-of-adjusted-gross-income limit, on Schedule A (Form 1040). See Publication 529, Miscellaneous Deductions.
9. Political organizations and candidates.

Contributions From Which You Benefit

If you receive or expect to receive a financial or economic benefit as a result of making a contribution to a qualified organization, you cannot deduct the part of the contribution that represents the value of the benefit you receive. See *Contributions From Which You Benefit* under *Contributions You Can Deduct,* earlier. These contributions include the following.

- Contributions for lobbying. This includes amounts that you earmark for use in, or in connection with, influencing specific legislation.

- Contributions to a retirement home that are for room, board, maintenance, or admittance. Also, if the amount of your contribution depends on the type or size of apartment you will occupy, it is not a charitable contribution.
- Costs of raffles, bingo, lottery, etc. You cannot deduct as a charitable contribution amounts you pay to buy raffle or lottery tickets or to play bingo or other games of chance. For information on how to report gambling winnings and losses, see *Deductions Not Subject to the 2% Limit* in Publication 529.
- Dues to fraternal orders and similar groups. However, see *Membership fees or dues* under *Contributions From Which You Benefit,* earlier.
- Tuition, or amounts you pay instead of tuition, even if you pay them for children to attend parochial schools or qualifying nonprofit daycare centers. You also cannot deduct any fixed amount you may be required to pay in addition to the tuition fee to enroll in a private school, even if it is designated as a "donation."
- Contributions connected with split-dollar insurance arrangements. You cannot deduct any part of a contribution to a charitable organization if, in connection with the contribution, the organization directly or indirectly pays, has paid, or is expected to pay any premium on any life insurance, annuity, or endowment contract for which you, any member of your family or any other person chosen by you (other than a qualified charitable organization) is a beneficiary.

  Example. You donate money to a charitable organization. The charity uses the money to purchase a cash value life insurance policy. The beneficiaries under the insurance policy include members of your family. Even though the charity may eventually get some benefit out of the insurance policy, you cannot deduct any part of the donation.

Qualified Charitable Distributions

A qualified charitable distribution (QCD) is a distribution made directly by the trustee of your individual retirement arrangement (IRA), other than a SEP or SIMPLE IRA, to certain qualified organizations. You must have been at least age 70½ when the distribution was made. Your total QCDs for the year cannot be more than $100,000. If all the requirements are met, a QCD is nontaxable, but you cannot claim a charitable contribution deduction for a QCD. See Publication 590, Individual Retirement Arrangements (IRAs), for more information about QCDs.

Value of Time or Services

You cannot deduct the value of your time or services, including:

- Blood donations to the Red Cross or to blood banks, and
- The value of income lost while you work as an unpaid volunteer for a qualified organization.

Personal Expenses

You cannot deduct personal, living, or family expenses, such as the following items.

- The cost of meals you eat while you perform services for a qualified organization, unless it is necessary for you to be away from home overnight while performing the services.
- Adoption expenses, including fees paid to an adoption agency and the costs of keeping a child in your home before adoption is final. However, you may be able to claim a tax credit for these expenses. Also, you may be able to exclude from your gross income amounts paid or reimbursed by your employer for your adoption expenses. See Form 8839, Qualified Adoption Expenses, and its instructions, for more information. You also may be able to claim an exemption for the child. See *Exemptions for Dependents* in Publication 501 for more information.

Appraisal Fees

Fees that you pay to find the fair market value of donated property are not deductible as contributions. You can claim them, subject to the 2%-of-adjusted-gross-income limit, as a miscellaneous itemized deduction on Schedule A (Form 1040). See *Deductions Subject to the 2% Limit* in Publication 529 for more information.

Contributions to Donor Advised Funds

You cannot deduct a contribution to a donor advised fund if:

- The qualified organization that sponsors the fund is a war veterans' organization, a fraternal society, or a nonprofit cemetery company, or
- You do not have an acknowledgment from that sponsoring organization that it has exclusive legal control over the assets contributed.

There are also other circumstances in which you cannot deduct your contribution to a donor advised fund.

Generally, a donor advised fund is a fund or account in which a donor can, because of being a donor, advise the fund how to distribute or invest amounts held in the fund. For details, see Internal Revenue Code section 170(f)(18).

Partial Interest in Property

Generally, you cannot deduct a contribution of less than your entire interest in property. For details, see *Partial Interest in Property* under *Contributions of Property*, later.

Contributions of Property

If you contribute property to a qualified organization, the amount of your charitable contribution is generally the fair market value of the property at the time of the contribution. However, if the property has increased in value, you may have to make some adjustments to the amount of your deduction. See *Giving Property That Has Increased in Value*, later.

For information about the records you must keep and the information you must furnish with your return if you donate property, see *Records To Keep* and *How To Report*, later.

Contributions Subject to Special Rules

Special rules apply if you contributed:

- Clothing or household items,
- A car, boat, or airplane,
- Taxidermy property,
- Property subject to a debt,
- A partial interest in property,
- A fractional interest in tangible personal property,
- A qualified conservation contribution,
- A future interest in tangible personal property,
- Inventory from your business, or
- A patent or other intellectual property.

These special rules are described next.

Clothing and Household Items

You cannot take a deduction for clothing or household items you donate unless the clothing or household items are in good used condition or better.

Exception. You can take a deduction for a contribution of an item of clothing or a household item that is not in good used condition or better if you deduct more than $500 for it and include a qualified appraisal of it with your return.

Household items. Household items include:

- Furniture and furnishings,
- Electronics,
- Appliances,
- Linens, and
- Other similar items.

Household items do not include:

- Food,
- Paintings, antiques, and other objects of art,
- Jewelry and gems, and
- Collections.

Fair market value. To determine the fair market value of these items, use the rules under *Determining Fair Market Value,* later.

Cars, Boats, and Airplanes

The following rules apply to any donation of a qualified vehicle.

A qualified vehicle is:

- A car or any motor vehicle manufactured mainly for use on public streets, roads, and highways,
- A boat, or
- An airplane.

Deduction more than $500. If you donate a qualified vehicle to a qualified organization and you claim a deduction of more than $500, you can deduct the smaller of:

- The gross proceeds from the sale of the vehicle by the organization, or
- The vehicle's fair market value on the date of the contribution. If the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to figure the deductible amount, as described under *Giving Property That Has Increased in Value,* later.

Form 1098-C. You must attach to your return Copy B of the Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, (or other statement containing the same information as Form 1098-C) you received from the organization. The Form 1098-C (or other statement) will show the gross proceeds from the sale of the vehicle.

If you e-file your return, you must attach Copy B of Form 1098-C to Form 8453 and mail the forms to the IRS.

If you do not attach Form 1098-C (or other statement), you cannot deduct your contribution. You must get Form 1098-C (or other statement) within 30 days of the sale of the vehicle. But if exception 1 or 2 (described next) applies, you must get Form 1098-C (or other statement) within 30 days of your donation.

Exceptions. There are two exceptions to the rules just described for deductions of more than $500.

Exception 1—vehicle used or improved by organization. If the qualified organization makes a significant intervening use of or material improvement to the vehicle before transferring it, and you claim a deduction of more than $500, you generally can deduct the vehicle's fair market value at the time of the contribution. But if the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to get the deductible amount, as described under *Giving Property That Has Increased in Value,* later. The Form 1098-C (or other statement) will show whether this exception applies.

Exception 2—vehicle given or sold to needy individual. If the qualified organization will give the vehicle, or sell it for a price well below fair market value, to a needy individual to further the organization's charitable purpose, and you claim a deduction of more than $500, you generally can deduct the vehicle's fair market value at the time of the contribution. But if the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to get the deductible amount, as described under *Giving Property That Has Increased in Value,* later. The Form 1098-C (or other statement) will show whether this exception applies.

This exception does not apply if the organization sells the vehicle at auction. In that case, you cannot deduct the vehicle's fair market value.

Example. Anita donates a used car to a qualified organization. She bought it 3 years ago for $9,000. A used car guide shows the fair market value for this type of car is $6,000. However, Anita gets a Form 1098-C from the organization showing the car was sold for $2,900. Neither exception 1 nor exception 2 applies. If Anita itemizes her deductions, she can deduct $2,900 for her donation. She must attach Form 1098-C and Form 8283 to her return.

Deduction $500 or less. If the qualified organization sells the vehicle for $500 or less and exceptions 1 and 2 do not apply, you can deduct the smaller of:

- $500, or
- The vehicle's fair market value on the date of the contribution. But if the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to get the deductible amount, as described under *Giving Property That Has Increased in Value* later.

If the vehicle's fair market value is at least $250 but not more than $500, you must have a written statement from the qualified organization acknowledging your donation. The statement must contain the information and meet the tests for an acknowledgment described under *Deductions of At Least $250 But Not More Than $500* under *Records To Keep,* later.

Fair market value. To determine a vehicle's fair market value, use the rules described under *Determining Fair Market Value*, later.

Donations of inventory. The vehicle donation rules just described do not apply to donations of inventory. For example, these rules do not apply if you are a car dealer who donates a car you had been holding for sale to customers. See *Inventory,* later.

Taxidermy Property

If you donate taxidermy property to a qualified organization, your deduction is limited to your basis in the property or its fair market value, whichever is less. This applies if you prepared, stuffed, or mounted the property or paid or incurred the cost of preparing, stuffing, or mounting the property.

Your basis for this purpose includes only the cost of preparing, stuffing, and mounting the property. Your basis does not include transportation or travel costs. It also does not include direct or indirect costs for hunting or killing an animal, such as equipment costs. In addition, it does not include the value of your time.

Taxidermy property means any work of art that:

- Is the reproduction or preservation of an animal, in whole or in part,
- Is prepared, stuffed, or mounted to recreate one or more characteristics of the animal, and
- Contains a part of the body of the dead animal.

Property Subject to a Debt

If you contribute property subject to a debt (such as a mortgage), you must reduce the fair market value of the property by:

1. Any allowable deduction for interest that you paid (or will pay) attributable to any period after the contribution, and
2. If the property is a bond, the lesser of:
   a. Any allowable deduction for interest you paid (or will pay) to buy or carry the bond that is attributable to any period before the contribution, or
   b. The interest, including bond discount, receivable on the bond that is attributable to any period before the contribution, and that is not includible in your income due to your accounting method.

This prevents a double deduction of the same amount as investment interest and also as a charitable contribution.

If the debt is assumed by the recipient (or another person), you must also reduce the fair market value of the property by the amount of the outstanding debt assumed.

If you sold the property to a qualified organization at a bargain price, the amount of the debt is also treated as an amount realized on the sale or exchange of property. For more information, see *Bargain Sales* under *Giving Property That Has Increased in Value*, later.

Partial Interest in Property

Generally, you cannot deduct a charitable contribution of less than your entire interest in property.

Right to use property. A contribution of the right to use property is a contribution of less than your entire interest in that property and is not deductible.

Example 1. You own a 10-story office building and donate rent-free use of the top floor to a charitable organization. Since you still own the building, you have contributed a partial interest in the property and cannot take a deduction for the contribution.

Example 2. Mandy White owns a vacation home at the beach that she sometimes rents to others. For a fund-raising auction at her church, she donated the right to use the vacation home for 1 week. At the auction, the church received and accepted a bid from Lauren Green equal to the fair rental value of the home for 1 week. Mandy cannot claim a deduction because of the partial interest rule. Lauren cannot claim a deduction either, because she received a benefit equal to the amount of her payment. See *Contributions From Which You Benefit,* earlier.

Exceptions. You can deduct a charitable contribution of a partial interest in property only if that interest represents one of the following listed items.

- A remainder interest in your personal home or farm. A remainder interest is one that passes to a beneficiary after the end of an earlier interest in the property.

  Example. You keep the right to live in your home during your lifetime and give your church a remainder interest that begins upon your death.

- An undivided part of your entire interest. This must consist of a part of every substantial interest or right you own in the property and must last as long as your interest in the property lasts. But see *Fractional Interest in Tangible Personal Property*, later.

  Example. You contribute voting stock to a qualified organization but keep the right to vote the stock. The right to vote is a substantial right in the stock. You have not contributed an undivided part of your entire interest and cannot deduct your contribution.

- A partial interest that would be deductible if transferred to certain types of trusts.
- A qualified conservation contribution (defined later).

For information about how to figure the value of a contribution of a partial interest in property, see *Partial Interest in Property Not in Trust* in Publication 561.

Fractional Interest in Tangible Personal Property

You cannot deduct a charitable contribution of a fractional interest in tangible personal property unless all interests in the property are held immediately before the contribution by:

- You, or
- You and the qualifying organization receiving the contribution.

If you make an additional contribution later, the fair market value of that contribution is the smaller of:

- The fair market value of the property at the time of the initial fractional contribution, or
- The fair market value of the property at the time of the additional contribution.

Tangible personal property is defined later under *Future Interest in Tangible Personal Property.* A fractional interest in property is an undivided portion of your entire interest in the property.

Example. An undivided one-quarter interest in a painting that entitles an art museum to possession of the painting for 3 months of each year is a fractional interest in the property.

Recapture of deduction. You must recapture your charitable contribution deduction by including it in your income if both of the following statements are true.

1. You contributed a fractional interest in tangible personal property after August 17, 2006.
2. You do not contribute the rest of your interests in the property to a qualified organization on or before the earlier of:
   a. The date that is 10 years after the date of the initial contribution, or
   b. The date of your death.

Recapture is also required in any case in which the qualified organization has not taken substantial physical possession of the property and used it in a way related to its purpose during the period beginning on the date of the initial fractional contribution and ending on the earlier of:

1. The date that is 10 years after the date of the initial contribution, or
2. The date of your death.

Additional tax. If you must recapture your deduction, you must also pay interest and an additional tax equal to 10% of the amount recaptured.

Qualified Conservation Contribution

A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization to be used only for conservation purposes.

Qualified organization. For purposes of a qualified conservation contribution, a qualified organization is:

- A governmental unit,
- A publicly supported charitable, religious, scientific, literary, educational, etc., organization, or
- An organization that is controlled by, and operated for the exclusive benefit of, a governmental unit or a publicly supported charity.

The organization also must have a commitment to protect the conservation purposes of the donation and must have the resources to enforce the restrictions.

Qualified real property interest. This is any of the following interests in real property.

1. Your entire interest in real estate other than a mineral interest (subsurface oil, gas, or other minerals, and the right of access to these minerals).
2. A remainder interest.
3. A restriction (granted in perpetuity) on the use that may be made of the real property.

Conservation purposes. Your contribution must be made only for one of the following conservation purposes.

- Preserving land areas for outdoor recreation by, or for the education of, the general public.
- Protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem.
- Preserving open space, including farmland and forest land, if it yields a significant public benefit. It must be either for the scenic enjoyment of the general public or under a clearly defined federal, state, or local governmental conservation policy.
- Preserving a historically important land area or a certified historic structure.

Building in registered historic district. If a building in a registered historic district is a certified historic structure, a contribution of a qualified real property interest that is an easement or other restriction on the exterior of the building is deductible only if it meets all of the following three conditions.

1. The restriction must preserve the entire exterior of the building (including its front, sides, rear, and height) and must prohibit any change to the exterior of the building that is inconsistent with its historical character.
2. You and the organization receiving the contribution must enter into a written agreement certifying, under penalty of perjury, that the organization:
   a. Is a qualified organization with a purpose of environmental protection, land conservation, open space preservation, or historic preservation, and
   b. Has the resources to manage and enforce the restriction and a commitment to do so.
3. You must include with your return:
   a. A qualified appraisal,
   b. Photographs of the building's entire exterior, and
   c. A description of all restrictions on development of the building, such as zoning laws and restrictive covenants.

If you claimed the rehabilitation credit on Form 3468 for the building for any of the 5 years before the year of the contribution, your deduction is reduced. See section 170(f)(14) of the Internal Revenue Code.

If you claim a deduction of more than $10,000, your deduction will not be allowed unless you pay a $500 filing fee. See Form 8283-V, Payment Voucher for Filing Fee Under Section 170(f)(13), and its instructions.

More information. For information about determining the fair market value of qualified conservation contributions, see Publication 561. For information about the limits that apply to deductions for this type of contribution, see *Limits on Deductions,* later. For more information about qualified conservation contributions, see section 1.170A-14 of the regulations.

Future Interest in Tangible Personal Property

You may be able to deduct the value of a charitable contribution of a future interest in tangible personal property only after all intervening interests in and rights to the actual possession or enjoyment of the property have either expired or been turned over to someone other than yourself, a related person, or a related organization. But see *Fractional Interest in Tangible Personal Property*, earlier, and *Tangible personal property put to unrelated use*, later.

Related persons include your spouse, children, grandchildren, brothers, sisters, and parents. Related organizations may include a partnership or corporation that you have an interest in, or an estate or trust that you have a connection with.

Tangible personal property. This is any property, other than land or buildings, that can be seen or touched. It includes furniture, books, jewelry, paintings, and cars.

Future interest. This is any interest that is to begin at some future time, regardless of whether it is designated as a future interest under state law.

Example. You own an antique car that you contribute to a museum. You give up ownership, but retain the right to keep the car in your garage with your personal collection. Since you keep an interest in the property, you cannot deduct the contribution. If you turn the car over to the museum in a later year, giving up all rights to its use, possession, and enjoyment, you can take a deduction for the contribution in that later year.

Inventory

If you contribute inventory (property that you sell in the course of your business), the amount you can claim as a contribution deduction is the smaller of its fair market value on the day you contributed it or its basis. The basis of donated inventory is any cost incurred for the inventory in an earlier year that you would otherwise include in your opening inventory for the year of the contribution. You must remove the amount of your contribution deduction from your opening inventory. It is not part of the cost of goods sold.

If the cost of donated inventory is not included in your opening inventory, the inventory's basis is zero and you cannot claim a charitable contribution deduction. Treat the inventory's cost as you would ordinarily treat it under your method of accounting. For example, include the purchase price of inventory bought and donated in the same year in the cost of goods sold for that year.

A special rule applies to certain donations of food inventory. See *Food Inventory*, later.

Patents and Other Intellectual Property

If you donate a patent or other intellectual property to a qualified organization, your deduction is limited to the basis of the property or the fair market value of the property, whichever is less. Intellectual property means any of the following:

- Patents.
- Copyrights (other than a copyright described in Internal Revenue Code sections 1221(a)(3) or 1231(b)(1)(C)).
- Trademarks.
- Trade names.
- Trade secrets.
- Know-how.
- Software (other than software described in Internal Revenue Code section 197(e)(3)(A)(i)).
- Other similar property or applications or registrations of such property.

Additional deduction based on income. You also may be able to claim additional charitable contribution deductions in the year of the contribution and years following, based on the income, if any, from the donated property.

The following table shows the percentage of the organization's income from the property that you can deduct for each of your tax years ending on or after the date of the contribution. In the table, "tax year 1," for example, means your first tax year ending on or after the date of the contribution. However, you can take the additional deduction only to the extent the total of the amounts figured using this table is more than the amount of the deduction claimed for the original donation of the property.

Tax year	Deductible percentage
1	100%
2	100%
3	90%
4	80%
5	70%
6	60%
7	50%
8	40%
9	30%
10	20%
11	10%
12	10%

After the legal life of the patent or other intellectual property ends or after the 10th anniversary of the donation, no additional deduction is allowed.

The additional deductions cannot be taken for patents or other intellectual property donated to certain private foundations.

Reporting requirements. You are required to inform the organization at the time of the donation that you intend to treat the donation as a contribution subject to the provisions discussed above.

The organization is required to file an information return showing the income from the property, with a copy to you. This is done on Form 8899, Notice of Income From Donated Intellectual Property.

Determining Fair Market Value

This section discusses general guidelines for determining the fair market value of various types of donated property. Publication 561 contains a more complete discussion.

Fair market value is the price at which property would change hands between a willing buyer and a willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.

Used clothing. The fair market value of used clothing and other personal items is usually far less than the price you paid for them. There are no fixed formulas or methods for finding the value of items of clothing.

You should claim as the value the price that buyers of used items actually pay in used clothing stores, such as consignment or thrift shops.

Also see *Clothing and Household Items,* earlier.

Household items. The fair market value of used household items, such as furniture, appliances, and linens, is usually much lower than the price paid when new. These items may have little or no market value because they are in a worn condition, out of style, or no longer useful. For these reasons, formulas (such as using a percentage of the cost to buy a new replacement item) are not acceptable in determining value.

You should support your valuation with photographs, canceled checks, receipts from your purchase of the items, or other evidence. Magazine or newspaper articles and photographs that describe the items and statements by the recipients of the items are also useful. Do not include any of this evidence with your tax return.

If the property is valuable because it is old or unique, see the discussion under *Paintings, Antiques, and Other Objects of Art* in Publication 561.

Also see *Clothing and Household Items,* earlier.

Cars, boats, and airplanes. If you contribute a car, boat, or airplane to a charitable organization, you must determine its fair market value.

Boats. Except for inexpensive small boats, the valuation of boats should be based on an appraisal by a marine surveyor because the physical condition is critical to the value.

Cars. Certain commercial firms and trade organizations publish used car pricing guides, commonly called "blue books," containing complete dealer sale prices or dealer average prices for recent model years. The guides may be published monthly or seasonally, and for different regions of the country. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices are not "official" and these publications are not considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available from public libraries, or from the loan officer at a bank, credit union, or finance company. You can also find used car pricing information on the Internet.

To find the fair market value of a donated car, use the price listed in a used car guide for a private party sale, not the dealer retail value. However, the fair market value may be less than that amount if the car has engine trouble, body damage, high mileage, or any type of excessive wear. The fair market value of a donated car is the same as the price listed in a used car guide for a private party sale only if the guide lists a sales price for a car that is the same make, model, and year, sold in the same area, in the same condition, with the same or similar options or accessories, and with the same or similar warranties as the donated car.

Example. You donate a used car in poor condition to a local high school for use by students studying car repair. A used car guide shows the dealer retail value for this type of car in poor condition is $1,600. However, the guide shows the price for a private party sale of the car is only $750. The fair market value of the car is considered to be $750.

Large quantities. If you contribute a large number of the same item, fair market value is the price at which comparable numbers of the item are being sold.

Example. You purchase 500 bibles for $1,000. The person who sells them to you says the retail value of these bibles is $3,000. If you contribute the bibles to a qualified organization, you can claim a deduction only for the price at which similar numbers of the same bible are currently being sold. Your charitable contribution is $1,000, unless you can show that similar numbers of that bible were selling at a different price at the time of the contribution.

Giving Property That Has Decreased in Value

If you contribute property with a fair market value that is less than your basis in it, your deduction is limited to its fair market value. You cannot claim a deduction for the difference between the property's basis and its fair market value.

Your basis in property is generally what you paid for it. If you need more information about basis, get Publication 551, Basis of Assets. You may want to get Publication 551 if you contribute property that you:

- Received as a gift or inheritance,
- Used in a trade, business, or activity conducted for profit, or
- Claimed a casualty loss deduction for.

Common examples of property that decreases in value include clothing, furniture, appliances, and cars.

Giving Property That Has Increased in Value

If you contribute property with a fair market value that is more than your basis in it, you may have to reduce the fair market value by the amount of appreciation (increase in value) when you figure your deduction.

Your basis in property is generally what you paid for it. If you need more information about basis, get Publication 551.

Different rules apply to figuring your deduction, depending on whether the property is:

- Ordinary income property, or
- Capital gain property.

Ordinary Income Property

Property is ordinary income property if its sale at fair market value on the date it was contributed would have resulted in ordinary income or in short-term capital gain. Examples of ordinary income property are inventory, works of art created by the donor, manuscripts prepared by the donor, and capital assets (defined later, under *Capital Gain Property*) held 1 year or less.

Property used in a trade or business. Property used in a trade or business is considered ordinary income property to the extent of any gain that would have been treated as ordinary income because of depreciation had the property been sold at its fair market value at the time of contribution. See chapter 3 of Publication 544, Sales and Other Dispositions of Assets, for the kinds of property to which this rule applies.

Amount of deduction. The amount you can deduct for a contribution of ordinary income property is its fair market value minus the amount that would be ordinary income or short-term capital gain if you sold the property for its fair market value. Generally, this rule limits the deduction to your basis in the property.

Example. You donate stock that you held for 5 months to your church. The fair market value of the stock on the day you donate it is $1,000, but you paid only $800 (your basis). Because the $200 of appreciation would be short-term capital gain if you sold the stock, your deduction is limited to $800 (fair market value minus the appreciation).

Exception. Do not reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. See *Ordinary or capital gain income included in gross income* under *Capital Gain Property,* next, if you need more information.

Capital Gain Property

Property is capital gain property if its sale at fair market value on the date of the contribution would have resulted in long-term capital gain. Capital gain property includes capital assets held more than 1 year.

Capital assets. Capital assets include most items of property that you own and use for personal purposes or investment. Examples of capital assets are stocks, bonds, jewelry, coin or stamp collections, and cars or furniture used for personal purposes.

For purposes of figuring your charitable contribution, capital assets also include certain real property and depreciable property used in your trade or business and, generally, held more than 1 year. (You may have to treat this property as partly ordinary income property and partly capital gain property.)

Real property. Real property is land and generally anything that is built on, growing on, or attached to land.

Depreciable property. Depreciable property is property used in business or held for the production of income and for which a depreciation deduction is allowed.

For more information about what is a capital asset, see chapter 2 of Publication 544.

Amount of deduction – general rule. When figuring your deduction for a gift of capital gain property, you generally can use the fair market value of the gift.

Exceptions. However, in certain situations, you must reduce the fair market value by any amount that would have been long-term capital gain if you had sold the property for its fair market value. Generally, this means reducing the fair market value to the property's cost or other basis. You must do this if:

1. The property (other than qualified appreciated stock) is contributed to certain private nonoperating foundations,
2. You choose the 50% limit instead of the special 30% limit for capital gain property, discussed later,
3. The contributed property is qualified intellectual property (as defined earlier under *Patents and Other Intellectual Property*),
4. The contributed property is certain taxidermy property as explained earlier, or
5. The contributed property is tangible personal property (defined later) that:
   a. Is put to an unrelated use (defined later) by the charity, or
   b. Has a claimed value of more than $5,000 and is sold, traded, or otherwise disposed of by the qualified organization during the year in which you made the contribution, and the qualified organization has not made the required certification of exempt use (such as on Form 8282, Part IV). See also *Recapture if no exempt use,* later.

Contributions to private nonoperating foundations. The reduced deduction applies to contributions to all private nonoperating foundations other than those qualifying for the 50% limit, discussed later.

However, the reduced deduction does not apply to contributions of qualified appreciated stock. Qualified appreciated stock is any stock in a corporation that is capital gain property and for which market quotations are readily available on an established securities market on the day of the contribution. But stock in a corporation does not count as qualified appreciated stock to the extent you and your family contributed more than 10% of the value of all the outstanding stock in the corporation.

Tangible personal property put to unrelated use. The term "tangible personal property" means any property, other than land or buildings, that can be seen or touched. It includes furniture, books, jewelry, paintings, and cars.

Unrelated use. The term "unrelated use" means a use that is unrelated to the exempt purpose or function of the charitable organization. For a governmental unit, it means the use of the contributed property for other than exclusively public purposes.

Example. If a painting contributed to an educational institution is used by that organization for educational purposes by being placed in its library for display and study by art students, the use is not an unrelated use. But if the painting is sold and the proceeds are used by the organization for educational purposes, the use is an unrelated use.

Deduction limited. Your deduction for a contribution of tangible personal property may be limited. See (5) under *Exceptions,* earlier.

Recapture if no exempt use. You must recapture part of your charitable contribution deduction by including it in your income if all the following statements are true.

1. You donate tangible personal property with a claimed value of more than $5,000, and your deduction is more than your basis in the property.
2. The organization sells, trades, or otherwise disposes of the property after the year it was contributed but within 3 years of the contribution.
3. The organization does not provide a written statement (such as on Form 8282, Part IV), signed by an officer of the organization under penalty of perjury, that either:
   a. Certifies its use of the property was substantial and related to the organization's purpose, or
   b. Certifies its intended use of the property became impossible.

If all the preceding statements are true, include in your income:

1. The deduction you claimed for the property, minus
2. Your basis in the property when you made the contribution.

Include this amount in your income for the year the qualified organization disposes of the property. Report the recaptured amount on Form 1040, line 21.

Ordinary or capital gain income included in gross income. You do not reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. This may happen when you transfer installment or discount obligations or when you assign income to a charitable organization. If you contribute an obligation received in a sale of property that is reported under the installment method, see Publication 537, Installment Sales.

Example. You donate an installment note to a qualified organization. The note has a fair market value of $10,000 and a basis to you of $7,000. As a result of the donation, you have a short-term capital gain of $3,000 ($10,000 − $7,000), which you include in your income for the year. Your charitable contribution is $10,000.

Food Inventory

Special rules apply to certain donations of food inventory to a qualified organization. These rules apply if all the following conditions are met.

1. You made a contribution of apparently wholesome food from your trade or business. Apparently wholesome food is food intended for human consumption that meets all quality and labeling standards imposed by federal, state, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions.
2. The food is to be used only for the care of the ill, the needy, or infants.
3. The use of the food is related to the organization's exempt purpose or function.
4. The organization does not transfer the food for money, other property, or services.
5. You receive a written statement from the organization stating it will comply with requirements (2), (3), and (4).
6. The organization is not a private nonoperating foundation.
7. The food satisfies any applicable requirements of the Federal Food, Drug, and Cosmetic Act and regulations on the date of transfer and for the previous 180 days.

If all the conditions above are met, use the following worksheet to figure your deduction.

Worksheet 1.
Donations of Food Inventory
(See separate worksheet instructions)
(Keep for your records)

1.	Enter fair market value of the donated food	______
2.	Enter basis of the donated food	______
3.	Subtract line 2 from line 1. If the result is less than zero, skip lines 4 through 6 and enter the amount from line 1 on line 7	______
4.	Enter one-half of line 3	______
5.	Subtract line 4 from line 1	______
6.	Multiply line 2 by 2.0	______
7.	Compare line 5 and line 6. Enter the smaller amount	______
8.	Enter 10% of your total net income for the year from all trades or businesses from which food inventory was donated	______
9.	Compare line 7 and line 8. Enter the smaller amount. This is your charitable contribution deduction for the food	______

Worksheet instructions. Enter on line 8 of the worksheet 10% of your net income for the year from all sole proprietorships, S corporations, or partnerships (or other entity that is not a C corporation) from which contributions of food inventory were made. Figure net income before any deduction for a charitable contribution of food inventory.

If you made more than one contribution of food inventory, complete a separate worksheet for each contribution. Complete lines 8 and 9 on only one worksheet. On that worksheet, complete line 8. Then compare line 8 and the total of the line 7 amounts on all worksheets and enter the smaller of those amounts on line 9.

More information. See *Inventory,* earlier, for information about determining the basis of donated inventory and the effect on cost of goods sold. For additional details, see section 170(e)(3) of the Internal Revenue Code.

Bargain Sales

A bargain sale of property to a qualified organization (a sale or exchange for less than the property's fair market value) is partly a charitable contribution and partly a sale or exchange.

Part that is a sale or exchange. The part of the bargain sale that is a sale or exchange may result in a taxable gain. For more information on determining the amount of any taxable gain, see *Bargain sales to charity* in chapter 1 of Publication 544.

Part that is a charitable contribution. Figure the amount of your charitable contribution in three steps.

Step 1. Subtract the amount you received for the property from the property's fair market value at the time of sale. This gives you the fair market value of the contributed part.

Step 2. Find the adjusted basis of the contributed part. It equals:

$$\text{Adjusted basis of entire property} \times \frac{\text{Fair market value of contributed part}}{\text{Fair market value of entire property}}$$

Step 3. Determine whether the amount of your charitable contribution is the fair market value of the contributed part (which you found in *Step 1*) or the adjusted basis of the contributed part (which you found in *Step 2*). Generally, if the property sold was capital gain property, your charitable contribution is the fair market value of the contributed part. If it was ordinary income property, your charitable contribution is the adjusted basis of the contributed part. See the ordinary income property and capital gain property rules (discussed earlier) for more information.

Example. You sell ordinary income property with a fair market value of $10,000 to a church for $2,000. Your basis is $4,000 and your adjusted gross income is $20,000. You make no other contributions during the year. The fair market value of the contributed part of the property is $8,000 ($10,000 − $2,000). The adjusted basis of the contributed part is $3,200 ($4,000 × ($8,000 ÷ $10,000)). Because the property is ordinary income property, your charitable contribution deduction is limited to the adjusted basis of the contributed part. You can deduct $3,200.

Penalty

You may be liable for a penalty if you overstate the value or adjusted basis of donated property.

20% penalty. The penalty is 20% of the amount by which you underpaid your tax because of the overstatement, if:

1. The value or adjusted basis claimed on your return is 150% or more of the correct amount, and
2. You underpaid your tax by more than $5,000 because of the overstatement.

40% penalty. The penalty is 40%, rather than 20%, if:

1. The value or adjusted basis claimed on your return is 200% or more of the correct amount, and
2. You underpaid your tax by more than $5,000 because of the overstatement.

When To Deduct

You can deduct your contributions only in the year you actually make them in cash or other property (or in a succeeding carryover year, as explained under *How To Figure Your Deduction When Limits Apply*, later). This applies whether you use the cash or an accrual method of accounting.

Time of making contribution. Usually, you make a contribution at the time of its unconditional delivery.

Checks. A check that you mail to a charity is considered delivered on the date you mail it.

Credit card. Contributions charged on your bank credit card are deductible in the year you make the charge.

Pay-by-phone account. If you use a pay-by-phone account, the date you make a contribution is the date the financial institution pays the amount. This date should be shown on the statement the financial institution sends to you.

Stock certificate. The gift to a charity of a properly endorsed stock certificate is completed on the date of mailing or other delivery to the charity or to the charity's agent. However, if you give a stock certificate to your agent or to the issuing corporation for transfer to the name of the charity, your gift is not completed until the date the stock is transferred on the books of the corporation.

Promissory note. If you issue and deliver a promissory note to a charitable organization as a contribution, it is not a contribution until you make the note payments.

Option. If you grant an option to buy real property at a bargain price to a charitable organization, you cannot take a deduction until the organization exercises the option.

Borrowed funds. If you make a contribution with borrowed funds, you can deduct the contribution in the year you make it, regardless of when you repay the loan.

Conditional gift. If your contribution is a conditional gift that depends on a future act or event that may not take place, you cannot take a deduction. But if there is only a negligible chance that the act or event will not take place, you can take a deduction.

If your contribution would be undone by a later act or event, you cannot take a deduction. But if there is only a negligible chance the act or event will take place, you can take a deduction.

Example 1. You donate cash to a local school board, which is a political subdivision of a state, to help build a school gym. The school board will refund the money to you if it does not collect enough to build the gym. You cannot deduct your gift as a charitable contribution until there is no chance of a refund.

Example 2. You donate land to a city for as long as the city uses it for a public park. The city does plan to use the land for a park, and there is no chance (or only a negligible chance) of the land being used for any different purpose. You can deduct your charitable contribution.

Limits on Deductions

For 2009, the total of your charitable contributions deduction and certain other itemized deductions may be limited if your adjusted gross income is more than $166,800 ($83,400 if you are married filing separately). This is in addition to the other limits described here. See the instructions for Schedule A (Form 1040) for more information about this limit.

If your total contributions for the year are 20% or less of your adjusted gross income, you do not need to read the rest of this section. The limits discussed in the rest of this section do not apply to you.

The amount of your deduction for charitable contributions is limited to 50% of your adjusted gross income, and may be limited to 30% or 20% of your adjusted gross income, depending on the type of property you give and the type of organization you give it to. A different limit applies to certain qualified conservation contributions. These limits are described in detail in this section.

Your adjusted gross income is the amount on Form 1040, line 38.

If your contributions are more than any of the limits that apply, see *Carryovers* under *How To Figure Your Deduction When Limits Apply*, later.

Out-of-pocket expenses. Amounts you spend performing services for a charitable organization, which qualify as charitable contributions, are subject to the limit of the organization. For example, the 50% limit applies to amounts you spend on behalf of a church, a 50% limit organization. These amounts are considered a contribution to a qualified organization.

50% Limit

The 50% limit applies to the total of all charitable contributions you make during the year. This means that your deduction for charitable contributions cannot be more than 50% of your adjusted gross income for the year. But there is a higher limit, discussed later, for certain qualified conservation contributions.

Only limit for 50% organizations. The 50% limit is the only limit that applies to gifts to organizations listed below under *50% Limit Organizations*. But there is one exception.

Exception. A special 30% limit also applies to these gifts if they are gifts of capital gain property for which you figure your deduction using fair market value without reduction for appreciation. (See *Special 30% Limit for Capital Gain Property,* later.)

50% Limit Organizations

You can ask any organization whether it is a 50% limit organization, and most will be able to tell you. Or you may check IRS Publication 78 (described earlier).

Only the following types of organizations are 50% limit organizations.

1. Churches and conventions or associations of churches.
2. Educational organizations with a regular faculty and curriculum that normally have a regularly enrolled student body attending classes on site.
3. Hospitals and certain medical research organizations associated with these hospitals.
4. Organizations that are operated only to receive, hold, invest, and administer property and to make expenditures to or for the benefit of state and municipal colleges and universities and that normally receive substantial support from the United States or any state or their political subdivisions, or from the general public.
5. The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions.
6. Corporations, trusts, or community chests, funds, or foundations organized and operated only for charitable, religious, educational, scientific, or literary purposes, or to prevent cruelty to children or animals, or to foster certain national or international amateur sports competition. These organizations must be "publicly supported," which means they normally must receive a substantial part of their support, other than income from their exempt activities, from direct or indirect contributions from the general public or from governmental units.
7. Organizations that may not qualify as "publicly supported" under (6) but that meet other tests showing they respond to the needs of the general public, not a limited number of donors or other persons. They must normally receive more than one-third of their support either from organizations described in (1) through (6), or from persons other than "disqualified persons."

8. Most organizations operated or controlled by, and operated for the benefit of, those organizations described in (1) through (7).
9. Private operating foundation.
10. Private nonoperating foundations that make qualifying distributions of 100% of contributions within $2^1/_2$ months following the year they receive the contribution. A deduction for charitable contributions to any of these private nonoperating foundations must be supported by evidence from the foundation confirming that it made the qualifying distributions timely. Attach a copy of this supporting data to your tax return.
11. A private foundation whose contributions are pooled into a common fund, if the foundation would be described in (8) above but for the right of substantial contributors to name the public charities that receive contributions from the fund. The foundation must distribute the common fund's income within $2^1/_2$ months following the tax year in which it was realized and must distribute the corpus not later than 1 year after the donor's death (or after the death of the donor's surviving spouse if the spouse can name the recipients of the corpus).

30% Limit

A 30% limit applies to the following gifts.

- Gifts to all qualified organizations other than 50% limit organizations. This includes gifts to veterans' organizations, fraternal societies, nonprofit cemeteries, and certain private nonoperating foundations.
- Gifts for the use of any organization.

However, if these gifts are of capital gain property, they are subject to the 20% limit, described later, rather than the 30% limit.

Student living with you. Amounts you spend on behalf of a student living with you are subject to the 30% limit. These amounts are considered a contribution for the use of a qualified organization. See *Expenses Paid for Student Living With You,* earlier.

Special 30% Limit for Capital Gain Property

A special 30% limit applies to gifts of capital gain property to 50% limit organizations. (For gifts of capital gain property to other organizations, see *20% Limit,* next.) However, the special 30% limit does not apply when you choose to reduce the fair market value of the property by the amount that would have been long-term capital gain if you had sold the property. Instead, only the 50% limit applies. See *Capital Gain Property,* earlier, and *Capital gain property election* under *How To Figure Your Deduction When Limits Apply*, later.

Also, the special 30% limit does not apply to qualified conservation contributions, discussed later.

Two separate 30% limits. This special 30% limit for capital gain property is separate from the other 30% limit. Therefore, the deduction of a contribution subject to one 30% limit does not reduce the amount you can deduct for contributions subject to the other 30% limit. However, the total you deduct cannot be more than 50% of your adjusted gross income.

Example. Your adjusted gross income is $50,000. During the year, you gave capital gain property with a fair market value of $15,000 to a 50% limit organization. You do not choose to reduce the property's fair market value by its appreciation in value. You also gave $10,000 cash to a qualified organization that is not a 50% limit organization. The $15,000 gift of property is subject to the special 30% limit. The $10,000 cash gift is subject to the other 30% limit. Both gifts are fully deductible because neither is more than the 30% limit that applies ($15,000 in each case) and together they are not more than the 50% limit ($25,000).

20% Limit

The 20% limit applies to all gifts of capital gain property to or for the use of qualified organizations (other than gifts of capital gain property to 50% limit organizations).

Special 50% Limit for Qualified Conservation Contributions

Your deduction for qualified conservation contributions (QCCs) is limited to 50% of your adjusted gross income minus your deduction for all other charitable contributions. You can carry over any contributions you are not able to deduct for 2009 because of this limit. See *Carryovers,* later.

100% limit for QCCs of farmers and ranchers. If you are a qualified farmer or rancher, your deduction for QCCs is limited to 100%, rather than 50%, of your adjusted gross income minus your deduction for all other charitable contributions. However, if the donated property is used in agriculture or livestock production (or is available for such production), the contribution must be subject to a restriction that the property remain available for such production. If not, the limit is 50%.

Qualified farmer or rancher. You are a qualified farmer or rancher if your gross income from the trade or business of farming is more than 50% of your gross income for the year.

How To Figure Your Deduction When Limits Apply

If your contributions are subject to more than one of the limits just discussed, you can deduct them as follows.

1. Contributions subject only to the 50% limit, up to 50% of your adjusted gross income.
2. Contributions subject to the 30% limit, up to the lesser of:
   a. 30% of adjusted gross income, or
   b. 50% of adjusted gross income minus your contributions to 50% limit organizations, including contributions of capital gain property subject to the special 30% limit.
3. Contributions of capital gain property subject to the special 30% limit, up to the lesser of:
   a. 30% of adjusted gross income, or
   b. 50% of adjusted gross income minus your other contributions to 50% limit organizations.
4. Contributions subject to the 20% limit, up to the lesser of:
   a. 20% of adjusted gross income,
   b. 30% of adjusted gross income minus your contributions subject to the 30% limit,
   c. 30% of adjusted gross income minus your contributions of capital gain property subject to the special 30% limit, or
   d. 50% of adjusted gross income minus the total of your contributions to 50% limit organizations and your contributions subject to the 30% limit.
5. Qualified conservation contributions (QCCs) subject to the special 50% limit, up to 50% of adjusted gross income minus any contributions in (1) through (4) above.
6. QCCs subject to the 100% limit for farmers and ranchers, up to 100% of adjusted gross income minus any contributions in (1) through (5) above.

If more than one of the limits described above limit your deduction for charitable contributions, you may want to use Worksheet 2 on page 15 to figure your deduction and your carryover.

Example. Your adjusted gross income is $50,000. In March, you gave your church $2,000 cash and land with a fair market value of $28,000 and a basis of $22,000. You held the land for investment purposes. You do not choose to reduce the fair market value of the land by the appreciation in value. You also gave $5,000 cash to a private foundation to which the 30% limit applies.

The $2,000 cash donated to the church is considered first and is fully deductible. Your contribution to the private foundation is considered next. Because your contributions to 50% limit organizations ($2,000 + $28,000) are more than $25,000 (50% of $50,000), your contribution to the private foundation is not deductible for the year. It can be carried over to later years. See *Carryovers*, later. The gift of land is considered next. Your deduction for the land is limited to $15,000 (30% × $50,000). The unused part of the gift of land ($13,000) can be carried over. For this year, your deduction is limited to $17,000 ($2,000 + $15,000).

A Filled-In Worksheet 2 on page 16 shows this computation in detail.

Capital gain property election. You may choose the 50% limit for gifts of capital gain property to 50% limit organizations instead of

Worksheet 2. **Applying the Deduction Limits**

Keep for your records

If the result on any line is less than zero, enter zero. For other instructions, see page 17.

Step 1. Enter any qualified conservation contributions (QCCs).

1. If you are a qualified farmer or rancher, enter any QCCs eligible for the 100% limit	1	
2. Enter any QCCs not entered on line 1. Do not include this amount on line 3, 4, 5, 6, or 8	2	

Step 2. List your other charitable contributions made during the year.

3. Enter your contributions to 50% limit organizations. (Include contributions of capital gain property if you reduced the property's fair market value. Do not include contributions of capital gain property deducted at fair market value.) **Do not** include any contributions you entered on line 1 or 2	3	
4. Enter your contributions to 50% limit organizations of capital gain property deducted at fair market value	4	
5. Enter your contributions (other than of capital gain property) to qualified organizations that are not 50% limit organizations	5	
6. Enter your contributions "for the use of" any qualified organization. (But do not enter here any amount that must be entered on line 8.)	6	
7. Add lines 5 and 6	7	
8. Enter your contributions of capital gain property to or for the use of any qualified organization. (But do not enter here any amount entered on line 3 or 4.)	8	

Step 3. Figure your deduction for the year and your carryover to the next year.

9. Enter your adjusted gross income	9	
10. Multiply line 9 by 0.5. This is your 50% limit	10	

				Carryover
Contributions to 50% limit organizations				
11. Enter the smaller of line 3 or line 10	11			
12. Subtract line 11 from line 3	12			
13. Subtract line 11 from line 10	13			
Contributions not to 50% limit organizations				
14. Add lines 3 and 4	14			
15. Multiply line 9 by 0.3. This is your 30% limit	15			
16. Subtract line 14 from line 10	16			
17. Enter the smallest of line 7, 15, or 16	17			
18. Subtract line 17 from line 7	18			
19. Subtract line 17 from line 15	19			
Contributions of capital gain property to 50% limit organizations				
20. Enter the smallest of line 4, 13, or 15	20			
21. Subtract line 20 from line 4	21			
22. Subtract line 17 from line 16	22			
23. Subtract line 20 from line 15	23			
Other contributions				
24. Multiply line 9 by 0.2. This is your 20% limit	24			
25. Enter the smallest of line 8, 19, 22, 23, or 24	25			
26. Subtract line 25 from line 8	26			
27. Add lines 11, 17, 20, and 25	27			
28. Subtract line 27 from line 10	28			
29. Enter the smaller of line 2 or line 28	29			
30. Subtract line 29 from line 2	30			
31. Subtract line 27 from line 9	31			
32. Enter the smaller of line 1 or line 31			32	
33. Add lines 27, 29, and 32. Enter the total here and on Schedule A (Form 1040), line 16 or line 17, whichever is appropriate			33	
34. Subtract line 32 from line 1			34	
35. Add lines 12, 18, 21, 26, 30, and 34. Carry this amount forward to Schedule A (Form 1040) next year			35	

Filled-in Worksheet 2. **Applying the Deduction Limits**

Keep for your records

If the result on any line is less than zero, enter zero. For other instructions, see page 17.

Step 1. Enter any qualified conservation contributions (QCCs).			
1.	If you are a qualified farmer or rancher, enter any QCCs eligible for the 100% limit	1	-0-
2.	Enter any QCCs not entered on line 1. Do not include this amount on line 3, 4, 5, 6, or 8	2	-0-
Step 2. List your other charitable contributions made during the year.			
3.	Enter your contributions to 50% limit organizations. (Include contributions of capital gain property if you reduced the property's fair market value. Do not include contributions of capital gain property deducted at fair market value.) **Do not** include any contributions you entered on line 1 or 2	3	2,000
4.	Enter your contributions to 50% limit organizations of capital gain property deducted at fair market value	4	28,000
5.	Enter your contributions (other than of capital gain property) to qualified organizations that are not 50% limit organizations	5	5,000
6.	Enter your contributions "for the use of" any qualified organization. (But do not enter here any amount that must be entered on line 8.)	6	-0-
7.	Add lines 5 and 6	7	5,000
8.	Enter your contributions of capital gain property to or for the use of any qualified organization. (But do not enter here any amount entered on line 3 or 4.)	8	-0-
Step 3. Figure your deduction for the year and your carryover to the next year.			
9.	Enter your adjusted gross income	9	50,000
10.	Multiply line 9 by 0.5. This is your 50% limit	10	25,000

					Carryover
	Contributions to 50% limit organizations				
11.	Enter the smaller of line 3 or line 10	11		2,000	
12.	Subtract line 11 from line 3	12			-0-
13.	Subtract line 11 from line 10	13	23,000		
	Contributions not to 50% limit organizations				
14.	Add lines 3 and 4	14	30,000		
15.	Multiply line 9 by 0.3. This is your 30% limit	15	15,000		
16.	Subtract line 14 from line 10	16	-0-		
17.	Enter the smallest of line 7, 15, or 16	17		-0-	
18.	Subtract line 17 from line 7	18			5,000
19.	Subtract line 17 from line 15	19	15,000		
	Contributions of capital gain property to 50% limit organizations				
20.	Enter the smallest of line 4, 13, or 15	20		15,000	
21.	Subtract line 20 from line 4	21			13,000
22.	Subtract line 17 from line 16	22	-0-		
23.	Subtract line 20 from line 15	23	-0-		
	Other contributions				
24.	Multiply line 9 by 0.2. This is your 20% limit	24	10,000		
25.	Enter the smallest of line 8, 19, 22, 23, or 24	25		-0-	
26.	Subtract line 25 from line 8	26			-0-
27.	Add lines 11, 17, 20, and 25	27	17,000		
28.	Subtract line 27 from line 10	28	8,000		
29.	Enter the smaller of line 2 or line 28	29		-0-	
30.	Subtract line 29 from line 2	30			-0-
31.	Subtract line 27 from line 9	31	33,000		
32.	Enter the smaller of line 1 or line 31	32		-0-	
33.	Add lines 27, 29, and 32. Enter the total here and on Schedule A (Form 1040), line 16 or line 17, whichever is appropriate	33		17,000	
34.	Subtract line 32 from line 1	34			-0-
35.	Add lines 12, 18, 21, 26, 30, and 34. Carry this amount forward to Schedule A (Form 1040) next year	35			18,000

the 30% limit that would otherwise apply. If you make this choice, you must reduce the fair market value of the property contributed by the appreciation in value that would have been long-term capital gain if the property had been sold.

This choice applies to all capital gain property contributed to 50% limit organizations during a tax year. It also applies to carryovers of this kind of contribution from an earlier tax year. For details, see *Carryover of capital gain property*, later.

You must make the choice on your original return or on an amended return filed by the due date for filing the original return.

Example. In the previous example, if you choose to have the 50% limit apply to the land (the 30% capital gain property) given to your church, you must reduce the fair market value of the property by the appreciation in value. Therefore, the amount of your charitable contribution for the land would be its basis to you of $22,000. You add this amount to the $2,000 cash contributed to the church. You can now deduct $1,000 of the amount donated to the private foundation because your contributions to 50% limit organizations ($2,000 + $22,000) are $1,000 less than the 50%-of-adjusted-gross-income limit. Your total deduction for the year is $25,000 ($2,000 cash to your church, $22,000 for property donated to your church, and $1,000 cash to the private foundation). You can carry over to later years the part of your contribution to the private foundation that you could not deduct ($4,000).

Instructions for Worksheet 2

You can use Worksheet 2 if you made charitable contributions during the year, and one or more of the limits described in this publication under *Limits on Deductions* apply to you. You cannot use this worksheet if you have a carryover of a charitable contribution from an earlier year. If you have a carryover from an earlier year, see *Carryovers*, next.

The following list gives instructions for completing the worksheet.

- The terms used in the worksheet are explained earlier in this publication.
- If the result on any line is less than zero, enter zero.
- For contributions of property, enter the property's fair market value unless you elected (or were required) to reduce the fair market value as explained under *Giving Property That Has Increased in Value.* In that case, enter the reduced amount.

Carryovers

You can carry over your contributions that you are not able to deduct in the current year because they exceed your adjusted-gross-income limits. You can deduct the excess in each of the next 5 years until it is used up, but not beyond that time. Your total contributions deduction for the year to which you carry your contributions cannot exceed 50% of your adjusted gross income for that year.

A carryover of a qualified conservation contribution can be carried forward for 15 years.

Contributions you carry over are subject to the same percentage limits in the year to which they are carried. For example, contributions subject to the 20% limit in the year in which they are made are 20% limit contributions in the year to which they are carried.

For each category of contributions, you deduct carryover contributions only after deducting all allowable contributions in that category for the current year. If you have carryovers from 2 or more prior years, use the carryover from the earlier year first.

Note. A carryover of a contribution to a 50% limit organization must be used before contributions in the current year to organizations other than 50% limit organizations. See *Example 2* on this page.

Example 1. Last year, you made cash contributions of $11,000 to which the 50% limit applies, but because of the limit you deducted only $10,000 and carried over $1,000 to this year. This year, your adjusted gross income is $20,000 and you made cash contributions of $9,500 to which the 50% limit applies. You can deduct $10,000 (50% of $20,000) this year. Consequently, in addition to your contribution of $9,500 for this year, you can deduct $500 of your carryover contribution from last year. You can carry over the $500 balance of your carryover from last year to next year.

Example 2. This year, your adjusted gross income is $24,000. You make cash contributions of $6,000 to which the 50% limit applies and $3,000 to which the 30% limit applies. You have a contribution carryover from last year of $5,000 for capital gain property contributed to a 50% limit organization and subject to the special 30% limit for contributions of capital gain property.

Your contribution deduction for this year is limited to $12,000 (50% of $24,000). Your 50% limit cash contributions of $6,000 are fully deductible.

The deduction for your 30% limit contributions of $3,000 is limited to $1,000. This is the lesser of:

1. $7,200 (30% of $24,000), or
2. $1,000 ($12,000 minus $11,000).

(The $12,000 amount is 50% of $24,000, your adjusted gross income. The $11,000 amount is the sum of your current and carryover contributions to 50% limit organizations, $6,000 + $5,000.)

The deduction for your $5,000 carryover is subject to the special 30% limit for contributions of capital gain property. This means it is limited to the smaller of:

1. $7,200 (your 30% limit), or
2. $6,000 ($12,000, your 50% limit, minus $6,000, the amount of your cash contributions to 50% limit organizations this year).

Since your $5,000 carryover is less than both $7,200 and $6,000, you can deduct it in full.

Your deduction is $12,000 ($6,000 + $1,000 + $5,000). You carry over the $2,000 balance of your 30% limit contributions for this year to next year.

Carryover of capital gain property. If you carry over contributions of capital gain property subject to the special 30% limit and you choose in the next year to use the 50% limit and take appreciation into account, you must refigure the carryover. You reduce the fair market value of the property by the appreciation and reduce that result by the amount actually deducted in the previous year.

Example. Last year, your adjusted gross income was $50,000 and you contributed capital gain property valued at $27,000 to a 50% limit organization and did not choose to use the 50% limit. Your basis in the property was $20,000. Your deduction was limited to $15,000 (30% of $50,000), and you carried over $12,000. This year, your adjusted gross income is $60,000 and you contribute capital gain property valued at $25,000 to a 50% limit organization. Your basis in the property is $24,000 and you choose to use the 50% limit. You must refigure your carryover as if you had taken appreciation into account last year as well as this year. Because the amount of your contribution last year would have been $20,000 (the property's basis) instead of the $15,000 you actually deducted, your refigured carryover is $5,000 ($20,000 − $15,000). Your total deduction this year is $29,000 (your $24,000 current contribution plus your $5,000 carryover).

Additional rules for carryovers. Special rules exist for computing carryovers if you:

- Were married in some years but not others,
- Had different spouses in different years,
- Change from a separate return to a joint return in a later year,
- Change from a joint return to a separate return in a later year,
- Had a net operating loss,
- Claim the standard deduction in a carryover year, or
- Become a widow or widower.

Because of their complexity and the limited number of taxpayers to whom these additional rules apply, they are not discussed in this publication. If you need to compute a carryover and you are in one of these situations, you may want to consult with a tax practitioner.

Records To Keep

You must keep records to prove the amount of the contributions you make during the year. The kind of records you must keep depends on the amount of your contributions and whether they are:

- Cash contributions,
- Noncash contributions, or
- Out-of-pocket expenses when donating your services.

Note. An organization generally must give you a written statement if it receives a payment from you that is more than $75 and is partly a contribution and partly for goods or services. (See *Contributions From Which You Benefit* under *Contributions You Can Deduct,* earlier.) Keep the statement for your records. It may satisfy all or part of the recordkeeping requirements explained in the following discussions.

Cash Contributions

Cash contributions include those paid by cash, check, electronic funds transfer, debit card, credit card, or payroll deduction.

You cannot deduct a cash contribution, regardless of the amount, unless you keep one of the following.

1. A bank record that shows the name of the qualified organization, the date of the contribution, and the amount of the contribution. Bank records may include:
   a. A canceled check,
   b. A bank or credit union statement, or
   c. A credit card statement.
2. A receipt (or a letter or other written communication) from the qualified organization showing the name of the organization, the date of the contribution, and the amount of the contribution.
3. The payroll deduction records described next.

Payroll deductions. If you make a contribution by payroll deduction, you must keep:

1. A pay stub, Form W-2, or other document furnished by your employer that shows the date and amount of the contribution, and
2. A pledge card or other document prepared by or for the qualified organization that shows the name of the organization.

If your employer withheld $250 or more from a single paycheck, see *Contributions of $250 or More*, next.

Contributions of $250 or More

You can claim a deduction for a contribution of $250 or more only if you have an acknowledgment of your contribution from the qualified organization or certain payroll deduction records.

If you made more than one contribution of $250 or more, you must have either a separate acknowledgment for each or one acknowledgment that lists each contribution and the date of each contribution and shows your total contributions.

Amount of contribution. In figuring whether your contribution is $250 or more, do not combine separate contributions. For example, if you gave your church $25 each week, your weekly payments do not have to be combined. Each payment is a separate contribution.

If contributions are made by payroll deduction, the deduction from each paycheck is treated as a separate contribution.

If you made a payment that is partly for goods and services, as described earlier under *Contributions From Which You Benefit*, your contribution is the amount of the payment that is more than the value of the goods and services.

Acknowledgment. The acknowledgment must meet these tests.

1. It must be written.
2. It must include:
   a. The amount of cash you contributed,
   b. Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits),
   c. A description and good faith estimate of the value of any goods or services described in (b) (other than intangible religious benefits), and
   d. A statement that the only benefit you received was an intangible religious benefit, if that was the case. The acknowledgment does not need to describe or estimate the value of an intangible religious benefit. An intangible religious benefit is a benefit that generally is not sold in commercial transactions outside a donative (gift) context. An example is admission to a religious ceremony.
3. You must get it on or before the earlier of:
   a. The date you file your return for the year you make the contribution, or
   b. The due date, including extensions, for filing the return.

If the acknowledgment does not show the date of the contribution, you must also have a bank record or receipt, as described earlier, that does show the date of the contribution. If the acknowledgment does show the date of the contribution and meets the other tests just described, you do not need any other records.

Payroll deductions. If you make a contribution by payroll deduction and your employer withheld $250 or more from a single paycheck, you must keep:

1. A pay stub, Form W-2, or other document furnished by your employer that shows the amount withheld as a contribution, and
2. A pledge card or other document prepared by or for the qualified organization that shows the name of the organization and states the organization does not provide goods or services in return for any contribution made to it by payroll deduction.

A single pledge card may be kept for all contributions made by payroll deduction regardless of amount as long as it contains all the required information.

If the pay stub, Form W-2, pledge card, or other document does not show the date of the contribution, you must also have another document that does show the date of the contribution. If the pay stub, Form W-2, pledge card, or other document does show the date of the contribution, you do not need any other records except those just described in (1) and (2).

Noncash Contributions

For a contribution not made in cash, the records you must keep depend on whether your deduction for the contribution is:

1. Less than $250,
2. At least $250 but not more than $500,
3. Over $500 but not more than $5,000, or
4. Over $5,000.

Amount of deduction. In figuring whether your deduction is $500 or more, combine your claimed deductions for all similar items of property donated to any charitable organization during the year.

If you got goods or services in return, as described earlier in *Contributions From Which You Benefit*, reduce your contribution by the value of those goods or services. If you figure your deduction by reducing the fair market value of the donated property by its appreciation, as described earlier in *Giving Property That Has Increased in Value,* your contribution is the reduced amount.

Deductions of Less Than $250

If you make any noncash contribution, you must get and keep a receipt from the charitable organization showing:

1. The name of the charitable organization,
2. The date and location of the charitable contribution, and
3. A reasonably detailed description of the property.

A letter or other written communication from the charitable organization acknowledging receipt of the contribution and containing the information in (1), (2), and (3) will serve as a receipt.

You are not required to have a receipt where it is impractical to get one (for example, if you leave property at a charity's unattended drop site).

Additional records. You must also keep reliable written records for each item of donated property. Your written records must include the following information.

1. The name and address of the organization to which you contributed.
2. The date and location of the contribution.
3. A description of the property in detail reasonable under the circumstances. For a security, keep the name of the issuer, the type of security, and whether it is regularly traded on a stock exchange or in an over-the-counter market.
4. The fair market value of the property at the time of the contribution and how you figured the fair market value. If it was determined by appraisal, you should also keep a copy of the signed appraisal.
5. The cost or other basis of the property if you must reduce its fair market value by appreciation. Your records should also include the amount of the reduction and how you figured it. If you choose the 50% limit

instead of the special 30% limit on certain capital gain property (discussed under *Capital gain property election,* earlier), you must keep a record showing the years for which you made the choice, contributions for the current year to which the choice applies, and carryovers from preceding years to which the choice applies.

6. The amount you claim as a deduction for the tax year as a result of the contribution, if you contribute less than your entire interest in the property during the tax year. Your records must include the amount you claimed as a deduction in any earlier years for contributions of other interests in this property. They must also include the name and address of each organization to which you contributed the other interests, the place where any such tangible property is located or kept, and the name of any person in possession of the property, other than the organization to which you contributed.
7. The terms of any conditions attached to the gift of property.

Deductions of At Least $250 But Not More Than $500

If you claim a deduction of at least $250 but not more than $500 for a noncash charitable contribution, you must get and keep an acknowledgment of your contribution from the qualified organization. If you made more than one contribution of $250 or more, you must have either a separate acknowledgment for each or one acknowledgment that shows your total contributions.

The acknowledgment must contain the information in items (1) through (3) listed under *Deductions of Less Than $250,* earlier, and your written records must include the information listed in that discussion under *Additional records*.

The acknowledgment must also meet these tests.

1. It must be written.
2. It must include:
   a. A description (but not necessarily the value) of any property you contributed,
   b. Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits), and
   c. A description and good faith estimate of the value of any goods or services described in (b). If the only benefit you received was an intangible religious benefit (such as admission to a religious ceremony) that generally is not sold in a commercial transaction outside the donative context, the acknowledgment must say so and does not need to describe or estimate the value of the benefit.
3. You must get it on or before the earlier of:
   a. The date you file your return for the year you make the contribution, or
   b. The due date, including extensions, for filing the return.

Deductions Over $500 But Not Over $5,000

If you claim a deduction over $500 but not over $5,000 for a noncash charitable contribution, you must have the acknowledgment and written records described under *Deductions of At Least $250 But Not More Than $500*. Your records must also include:

- How you got the property, for example, by purchase, gift, bequest, inheritance, or exchange,
- The approximate date you got the property or, if created, produced, or manufactured by or for you, the approximate date the property was substantially completed, and
- The cost or other basis, and any adjustments to the basis, of property held less than 12 months and, if available, the cost or other basis of property held 12 months or more. This requirement, however, does not apply to publicly traded securities.

If you are not able to provide information on either the date you got the property or the cost basis of the property and you have a reasonable cause for not being able to provide this information, attach a statement of explanation to your return.

Deductions Over $5,000

If you claim a deduction of over $5,000 for a charitable contribution of one property item or a group of similar property items, you must have the acknowledgment and the written records described under *Deductions Over $500 But Not Over $5,000.* In figuring whether your deduction is over $5,000, combine your claimed deductions for all similar items donated to any charitable organization during the year.

Generally, you must also obtain a qualified written appraisal of the donated property from a qualified appraiser. See *Deductions of More Than $5,000* in Publication 561 for more information.

Qualified Conservation Contribution

If the gift was a "qualified conservation contribution," your records must also include the fair market value of the underlying property before and after the gift and the conservation purpose furthered by the gift.

For more information see *Qualified Conservation Contribution,* earlier, and in Publication 561.

Out-of-Pocket Expenses

If you render services to a qualified organization and have unreimbursed out-of-pocket expenses related to those services, the following three rules apply.

1. You must have adequate records to prove the amount of the expenses.
2. You must get an acknowledgment from the qualified organization that contains:
   a. A description of the services you provided,
   b. A statement of whether or not the organization provided you any goods or services to reimburse you for the expenses you incurred,
   c. A description and a good faith estimate of the value of any goods or services (other than intangible religious benefits) provided to reimburse you, and
   d. A statement that the only benefit you received was an intangible religious benefit, if that was the case. The acknowledgment does not need to describe or estimate the value of an intangible religious benefit (defined earlier under *Acknowledgment).*
3. You must get the acknowledgment on or before the earlier of:
   a. The date you file your return for the year you make the contribution, or
   b. The due date, including extensions, for filing the return.

Car expenses. If you claim expenses directly related to use of your car in giving services to a qualified organization, you must keep reliable written records of your expenses. Whether your records are considered reliable depends on all the facts and circumstances. Generally, they may be considered reliable if you made them regularly and at or near the time you had the expenses.

Your records must show the name of the organization you were serving and the date each time you used your car for a charitable purpose. If you use the standard mileage rate of 14 cents a mile, your records must show the miles you drove your car for the charitable purpose. If you deduct your actual expenses, your records must show the costs of operating the car that are directly related to a charitable purpose.

See *Car expenses* under *Out-of-Pocket Expenses in Giving Services,* earlier, for the expenses you can deduct.

How To Report

Report your charitable contributions on lines 16 through 19 of Schedule A (Form 1040).

If you made noncash contributions, you may also be required to fill out parts of Form 8283. See *Noncash contributions*, later.

Cash contributions and out-of-pocket expenses. Enter your cash contributions, including out-of-pocket expenses, on Schedule A (Form 1040), line 16.

Reporting expenses for student living with you. If you claim amounts paid for a student who lives with you, as described earlier under *Expenses Paid for Student Living With You,* you must submit with your return:

1. A copy of your agreement with the organization sponsoring the student placed in your household,
2. A summary of the various items you paid to maintain the student, and
3. A statement that gives:
   a. The date the student became a member of your household,
   b. The dates of his or her full-time attendance at school, and
   c. The name and location of the school.

Noncash contributions. Enter your noncash contributions on Schedule A (Form 1040), line 17.

Total deduction over $500. If your total deduction for all noncash contributions for the year is over $500, you must complete Section A of Form 8283, and attach it to your Form 1040. However, do not complete Section A for items you must report on Section B. See *Deduction over $5,000 for one item*, next, for the items you must report on Section B.

The Internal Revenue Service can disallow your deduction for noncash charitable contributions if it is more than $500 and you do not submit a required Form 8283 with your return.

Deduction over $5,000 for one item. You must complete Section B of Form 8283 for each item or group of items for which you claim a deduction of over $5,000. (However, if you contributed certain publicly traded securities, complete Section A instead.) In figuring whether your deduction is over $5,000, combine the claimed deductions for all similar items donated to any charitable organization during the year. The organization that received the property must complete and sign Part IV of Section B.

Vehicle donations. If you donated a car, boat, airplane, or other vehicle, you may have to attach a copy of Form 1098-C (or other statement) to your return. For details, see *Cars, Boats, and Airplanes,* earlier.

Clothing and household items not in good used condition. You must include with your return a qualified appraisal of any single donated item of clothing or any donated household item that is not in good used condition or better and for which you deduct more than $500. See *Clothing and Household Items,* earlier.

Easement on building in historic district. If you claim a deduction for a qualified conservation contribution for an easement on the exterior of a building in a registered historic district, you must include a qualified appraisal, photographs, and certain other information with your return. See *Qualified Conservation Contribution,* earlier.

Deduction over $500,000. If you claim a deduction of more than $500,000 for a contribution of property, you must attach a qualified appraisal of the property to your return. This does not apply to contributions of cash, inventory, publicly traded stock, or intellectual property.

In figuring whether your deduction is over $500,000, combine the claimed deductions for all similar items donated to any charitable organization during the year.

If you do not attach the appraisal, you cannot deduct your contribution, unless your failure to attach it is due to reasonable cause and not to willful neglect.

Form 8282. If an organization, within 3 years after the date of receipt of a contribution of property for which it was required to sign a Form 8283, sells, exchanges, or otherwise disposes of the property, the organization must file an information return with the Internal Revenue Service on Form 8282, Donee Information Return, and send you a copy of the form. However, if you have informed the organization that the appraised value of the donated item, or a specific item within a group of similar items, is $500 or less, the organization is not required to make a report on its sale of that item. For this purpose, all shares of nonpublicly traded stock or securities, or items that form a set, are considered to be one item.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should. Here are seven things every taxpayer should know about TAS:

- TAS is your voice at the IRS.
- Our service is free, confidential, and tailored to meet your needs.
- You may be eligible for TAS help if you have tried to resolve your tax problem through normal IRS channels and have gotten nowhere, or you believe an IRS procedure just isn't working as it should.
- TAS helps taxpayers whose problems are causing financial difficulty or significant cost, including the cost of professional representation. This includes businesses as well as individuals.
- TAS employees know the IRS and how to navigate it. We will listen to your problem, help you understand what needs to be done to resolve it, and stay with you every step of the way until your problem is resolved.
- TAS has at least one local taxpayer advocate in every state, the District of Columbia, and Puerto Rico. You can call your local advocate, whose number is in your phone book, in Pub. 1546, Taxpayer Advocate Service—Your Voice at the IRS, and on our website at www.irs.gov/advocate. You can also call our toll-free line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.
- You can learn about your rights and responsibilities as a taxpayer by visiting our online tax toolkit at www.taxtoolkit.irs.gov.

Low Income Taxpayer Clinics (LITCs). The Low Income Taxpayer Clinic program serves individuals who have a problem with the IRS and whose income is below a certain level. LITCs are independent from the IRS. Most LITCs can provide representation before the IRS or in court on audits, tax collection disputes, and other issues for free or a small fee. If an individual's native language is not English, some clinics can provide multilingual information about taxpayer rights and responsibilities. For more information, see Publication 4134, Low Income Taxpayer Clinic List. This publication is available at www.irs.gov, by calling 1-800-TAX-FORM (1-800-829-3676), or at your local IRS office.

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains lists of free tax information sources, including publications, services, and free tax education and assistance programs. It also has an index of over 100 TeleTax topics (recorded tax information) you can listen to on your telephone.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.

Free help with your return. Free help in preparing your return is available nationwide from IRS-trained volunteers. The Volunteer Income Tax Assistance (VITA) program is designed to help low-income taxpayers and the Tax Counseling for the Elderly (TCE) program is designed to assist taxpayers age 60 and older with their tax returns. Many VITA sites offer free electronic filing and all volunteers will let you know about credits and deductions you may be entitled to claim. To find the nearest VITA or TCE site, call 1-800-829-1040.

As part of the TCE program, AARP offers the Tax-Aide counseling program. To find the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit AARP's website at www.aarp.org/money/taxaide.

For more information on these programs, go to www.irs.gov and enter keyword "VITA" in the upper right-hand corner.

Internet. You can access the IRS website at www.irs.gov 24 hours a day, 7 days a week to:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your 2009 refund. Go to www.irs.gov and click on *Where's My Refund*. Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2009 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund.

- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- Use the online Internal Revenue Code, Regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using the withholding calculator online at *www.irs.gov/individuals*.
- Determine if Form 6251 must be filed by using our Alternative Minimum Tax (AMT) Assistant.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.

Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-TAX-FORM (1-800-829-3676) to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *Solving problems.* You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to *www.irs.gov/localcontacts* or look in the phone book under *United States Government, Internal Revenue Service*.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- *Refund information.* To check the status of your 2009 refund, call 1-800-829-1954 during business hours or 1-800-829-4477 (automated refund information 24 hours a day, 7 days a week). Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2009 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund. Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.
- *Other refund information.* To check the status of a prior year refund or amended return refund, call 1-800-829-1954.

Evaluating the quality of our telephone services. To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Walk-in. Many products and services are available on a walk-in basis.

- *Products.* You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- *Services.* You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you are more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary—just walk in. If you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. If you have an ongoing, complex tax account problem or a special need, such as a disability, an appointment can be requested. All other issues will be handled without an appointment. To find the number of your local office, go to *www.irs.gov/localcontacts* or look in the phone book under *United States Government, Internal Revenue Service*.

Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

Internal Revenue Service
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613

DVD for tax products. You can order Publication 1796, IRS Tax Products DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Internal Revenue Code—Title 26 of the U.S. Code.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.
- Two releases during the year.
  – The first release will ship the beginning of January 2010.
  – The final release will ship the beginning of March 2010.

Purchase the DVD from National Technical Information Service (NTIS) at *www.irs.gov/cdorders* for $30 (no handling fee) or call 1-877-233-6767 toll free to buy the DVD for $30 (plus a $6 handling fee).

Index

To help us develop a more useful index, please let us know if you have ideas for index entries. See "Comments and Suggestions" in the "Introduction" for the ways you can reach us.

■

Tax Publications for Individual Taxpayers

See *How To Get Tax Help* for a variety of ways to get publications, including by computer, phone, and mail.

General Guides

- **1** Your Rights as a Taxpayer
- **17** Your Federal Income Tax For Individuals
- **334** Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)
- **509** Tax Calendars for 2010
- **910** IRS Guide to Free Tax Services

Specialized Publications

- **3** Armed Forces' Tax Guide
- **54** Tax Guide for U.S. Citizens and Resident Aliens Abroad
- **225** Farmer's Tax Guide
- **463** Travel, Entertainment, Gift, and Car Expenses
- **501** Exemptions, Standard Deduction, and Filing Information
- **502** Medical and Dental Expenses (Including the Health Coverage Tax Credit)
- **503** Child and Dependent Care Expenses
- **504** Divorced or Separated Individuals
- **505** Tax Withholding and Estimated Tax
- **514** Foreign Tax Credit for Individuals
- **516** U.S. Government Civilian Employees Stationed Abroad
- **517** Social Security and Other Information for Members of the Clergy and Religious Workers
- **519** U.S. Tax Guide for Aliens
- **521** Moving Expenses
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- **537** Installment Sales
- **541** Partnerships
- **544** Sales and Other Dispositions of Assets
- **547** Casualties, Disasters, and Thefts
- **550** Investment Income and Expenses (Including Capital Gains and Losses)
- **551** Basis of Assets
- **552** Recordkeeping for Individuals
- **554** Tax Guide for Seniors
- **555** Community Property
- **556** Examination of Returns, Appeal Rights, and Claims for Refund
- **559** Survivors, Executors, and Administrators
- **561** Determining the Value of Donated Property
- **564** Mutual Fund Distributions
- **570** Tax Guide for Individuals With Income From U.S. Possessions
- **571** Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations
- **575** Pension and Annuity Income
- **584** Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)
- **587** Business Use of Your Home (Including Use by Daycare Providers)
- **590** Individual Retirement Arrangements (IRAs)
- **593** Tax Highlights for U.S. Citizens and Residents Going Abroad
- **594** The IRS Collection Process
- **596** Earned Income Credit (EIC)
- **721** Tax Guide to U.S. Civil Service Retirement Benefits
- **901** U.S. Tax Treaties
- **907** Tax Highlights for Persons with Disabilities
- **908** Bankruptcy Tax Guide
- **915** Social Security and Equivalent Railroad Retirement Benefits
- **919** How Do I Adjust My Tax Withholding?
- **925** Passive Activity and At-Risk Rules
- **926** Household Employer's Tax Guide For Wages Paid in 2010
- **929** Tax Rules for Children and Dependents
- **936** Home Mortgage Interest Deduction
- **946** How To Depreciate Property
- **947** Practice Before the IRS and Power of Attorney
- **950** Introduction to Estate and Gift Taxes
- **967** The IRS Will Figure Your Tax
- **969** Health Savings Accounts and Other Tax-Favored Health Plans
- **970** Tax Benefits for Education
- **971** Innocent Spouse Relief
- **972** Child Tax Credit
- **1542** Per Diem Rates (For Travel Within the Continental United States)
- **1544** Reporting Cash Payments of Over $10,000 (Received in a Trade or Business)
- **1546** Taxpayer Advocate Service – Your Voice at the IRS

Spanish Language Publications

- **1SP** Derechos del Contribuyente
- **17SP** El Impuesto Federal sobre los Ingresos Para Personas Fisicas
- **547SP** Hechos Fortuitos Desastres y Robos
- **594SP** El Proceso de Cobro del IRS
- **596SP** Crédito por Ingreso del Trabajo
- **850** English-Spanish Glossary of Words and Phrases Used in Publications Issued by the Internal Revenue Service
- **1544SP** Informe de Pagos en Efectivo en Exceso de $10,000 (Recibidos en una Ocupación o Negocio)

Commonly Used Tax Forms

See *How To Get Tax Help* for a variety of ways to get forms, including by computer, phone, and mail.

Form Number	Title
1040	U.S. Individual Income Tax Return
Sch A	Itemized Deductions
Sch B	Interest and Ordinary Dividends
Sch C	Profit or Loss From Business
Sch C-EZ	Net Profit From Business
Sch D	Capital Gains and Losses
Sch D-1	Continuation Sheet for Schedule D
Sch E	Supplemental Income and Loss
Sch EIC	Earned Income Credit
Sch F	Profit or Loss From Farming
Sch H	Household Employment Taxes
Sch J	Income Averaging for Farmers and Fishermen
Sch L	Standard Deduction for Certain Filers
Sch M	Making Work Pay and Government Retiree Credits
Sch R	Credit for the Elderly or the Disabled
Sch SE	Self-Employment Tax
1040A	U.S. Individual Income Tax Return
1040EZ	Income Tax Return for Single and Joint Filers With No Dependents
1040-ES	Estimated Tax for Individuals
1040X	Amended U.S. Individual Income Tax Return
2106	Employee Business Expenses
2106-EZ	Unreimbursed Employee Business Expenses
2210	Underpayment of Estimated Tax by Individuals, Estates, and Trusts
2441	Child and Dependent Care Expenses
2848	Power of Attorney and Declaration of Representative
3903	Moving Expenses
4562	Depreciation and Amortization
4868	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
4952	Investment Interest Expense Deduction
5329	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
6251	Alternative Minimum Tax—Individuals
8283	Noncash Charitable Contributions
8582	Passive Activity Loss Limitations
8606	Nondeductible IRAs
8812	Additional Child Tax Credit
8822	Change of Address
8829	Expenses for Business Use of Your Home
8863	Education Credits (American Opportunity, Hope, and Lifetime Learning Credits)
9465	Installment Agreement Request