

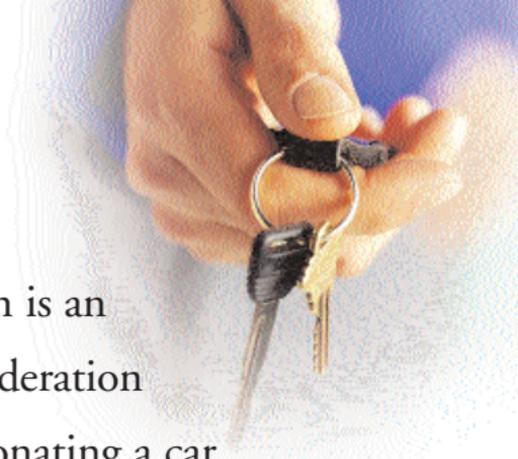
A Donor's Guide to

Before you give your car to a charitable organization:

- check out the charity
- see if you'll get a tax benefit
- check the value of your car
- see what your responsibilities are as a donor to a charity

Internal Revenue Service
Tax Exempt and Government Entities
Exempt Organizations

CAR DONATIONS



If a tax deduction is an important consideration for you when donating a car to a charity, you should check out the charity; check the value of your car; and see what your responsibilities are as a donor.

Through this Publication 4303, the Internal Revenue Service (IRS) and state charity officials provide general guidelines for individuals who donate their cars.

A companion brochure, Publication 4302, *A Charity's Guide to Car Donations*, provides guidelines for charities that receive donated cars.

Note: This publication is not intended as a guide for corporate donors.

Selecting a Charity

If you are eligible to deduct charitable contributions for federal income tax purposes (see **Qualifying for a Tax Deduction** later) and you want to claim a deduction for donating your car to charity, then you should make certain that the charity is a qualified organization. Otherwise, your donation will not be tax deductible. The most common types of qualified organizations are section 501(c)(3) organizations, such as charitable, educational, or religious organizations. This publication refers to section 501(c)(3) organizations generally as “charities.”

To verify that an organization is a charity qualified to receive tax-deductible contributions, see IRS Publication 78, *Cumulative List of Organizations*, an annual list of most charities. Publication 78 is available online at www.irs.gov/eo (under the **Search for Charities**



topic) and at many public libraries. You may also verify an organization's status by calling the IRS Customer Account Services division for Tax Exempt and Government Entities at (877) 829-5500 (toll-free). Be sure to have the charity's correct name. It is also helpful to know the charity's address.

Not all qualified organizations are listed in Publication 78. For example, churches, synagogues, temples, and mosques are not required to apply to the IRS for recognition of exemption in order to be qualified organizations and are frequently not listed. If you have questions, call Customer Account Services at the above number.

If you want to learn more about a charity before donating your car, use the resources listed under **Assistance Through the Charity, Through State Officials, and Through the IRS** at the end of this publication.

Qualifying for a Tax Deduction

You can deduct contributions to charity only if you itemize deductions on your Schedule A of Form 1040.

You must take into account certain limitations on charitable contribution deductions. For example, your deduction cannot exceed 50% of your adjusted gross income. Other limitations may apply. Publication 526, *Charitable Contributions*, provides detailed information on claiming deductions and the deduction limits. It also describes the types of organizations that are qualified to receive tax-deductible contributions. Publication 526 is available online at www.irs.gov or by calling (800) 829-3676 (toll-free).

Determining the Value of Your Car

The maximum amount you can deduct on your income tax return is the fair market value of your car. Fair market value is the price a willing buyer would pay and a willing seller would accept for the car, when neither party is compelled to buy or sell, and both parties have reasonable knowledge of the relevant facts.

Some fundraisers have mistakenly claimed that donors can, in all cases, deduct the highest value of their cars as found in a used car pricing guide. You should exercise caution. The IRS will only allow a deduction for the fair market value of the car, which takes into account the mileage and condition.

Example: *You donate your car to the local high school for use by students studying car repair. Your credit union representative told you that the value of the car, as found in a used car pricing guide, could be as high as \$1,600. However, your car needs extensive repairs, and after some checking, you find that you could only sell your car for \$750. Your charitable contribution deduction may not exceed \$750, the fair market value of the car.*

For information on determining the value of your car, see Publication 561, *Determining the Value of Donated Property*. If you used your car in a trade or business, see the rules for contributions of capital gain property in Publication 526.

Recordkeeping and Filing Requirements

Depending on the amount you are claiming as a charitable contribution deduction, you may need to get and keep certain records and file an additional form to substantiate your charitable contributions. See the chart **Recordkeeping and Filing Requirements** that follows.

WRITTEN ACKNOWLEDGMENT FROM THE CHARITY –

You must obtain a contemporaneous written acknowledgment from the charity if the total deduction you are claiming for a donated car is \$250 or more. The

acknowledgment must include the name of the charity, a description (but not value) of your car, and one of the following:

- a statement that no goods or services were provided by the charity in return for the contribution, if that was the case,
- a description and good faith estimate of the value of goods or services, if any, that the charity provided in return for the contribution, or
- a statement that goods or services that the charity provided in return for the contribution consisted entirely of intangible religious benefits, if that was the case.

You must get the written acknowledgment on or before the earlier of the date you file your return for the year you make the contribution, or the due date, including extensions, for filing the return. A charity can provide either a paper copy of the acknowledgment to the donor, or a charity can provide the acknowledgment electronically, such as via e-mail addressed to the donor. Do not attach the acknowledgment to your income tax return; instead, retain it with your records to substantiate your contribution.

FORM 8283, NONCASH CHARITABLE

CONTRIBUTIONS – Depending on the amount of the deduction you claim for the car, you may have to file an additional form with the IRS with your Form 1040. If the deduction you are claiming for a donated car is greater than \$500, you must complete Section A of Form 8283.

If the deduction you are claiming is greater than \$5,000, you must get a written appraisal of your car (see **Written Appraisal** below). You must also complete Section B of Form 8283, which must include the signature of an authorized official of the charity, and attach it to your return.

WRITTEN APPRAISAL – Your written appraisal must be from a qualified appraiser. See Publication 561, *Determining the Value of Donated Property*. The appraisal must be made no more than 60 days before you contribute the car. You must receive the appraisal before the

due date (including extensions) of the return on which you first claim a deduction for the car. For a deduction first claimed on an amended return, the appraisal must be received before the date the amended return is filed. When you file your income tax return (Form 1040 or Form 1040X), you will need to complete Section B of Form 8283, and attach it to your return.

If Section B is required and the charity sells or otherwise disposes of a car within two years after the date of receipt, the charity must file Form 8282, *Donee Information Return*, with the IRS. On Form 8282, the charity reports information identifying the donor and itself, and the amount it received upon sale or other disposition of the car. The charity must provide you with a copy of the form.

The chart below provides items of recordkeeping and filing requirements, based on the amount you claim as a deduction.

RECORDKEEPING AND FILING REQUIREMENTS

| REQUIREMENT | DEDUCTIONS OF LESS THAN \$250 | DEDUCTIONS OF \$250 OR MORE, BUT NOT MORE THAN \$500 | DEDUCTIONS GREATER THAN \$500, BUT NOT MORE THAN \$5,000 | DEDUCTIONS GREATER THAN \$5,000 |
|-------------------------------------------------------|-------------------------------|------------------------------------------------------|----------------------------------------------------------|---------------------------------|
| Recordkeeping Requirements | | | | |
| ■ name/address of charity | X | X | X | X |
| ■ date of donation | X | X | X | X |
| ■ place where you donated car | X | X | X | X |
| ■ description of car | X | X | X | X |
| ■ contemporaneous written acknowledgment from charity | | X | X | X |
| Filing Requirements | | | | |
| ■ Form 8283, Section A | | | X | |
| ■ Form 8283, Section B | | | | |
| ■ Written Appraisal | | | | |

State Law Requirements – Car Title

Generally, state charity officials ask the donor to transfer the car title to the charity, to make a copy of the title transfer, and to notify the state motor vehicle administration by updating the information on the donor's car registration about any sale or transfer. In some states, however, there are exceptions to this titling process, and a third party, such as the charity's agent, may be able to hold an open title or insert a dealer's name. Before donating the car, you should remove the license plates, unless state law requires otherwise. This may help you avoid any liability problems after the car is transferred.

Assistance Through the Charity, Through State Officials, and Through the IRS

CHARITY ASSISTANCE – A charity must make available for public inspection its application for tax exemption, its determination letter, and its most recent annual information returns (Forms 990). A charity also must provide copies of these documents upon request (unless it makes the documents widely available). A charity may not charge you for inspecting the documents, but it may charge a reasonable fee for copying and mailing the documents.

Note: Certain charities, including churches, synagogues, and mosques, are not required to file exemption applications and annual information returns.

STATE CHARITY OFFICIAL ASSISTANCE – Many states require charities that solicit contributions to register and file certain documents with a state charity regulator, such as the state attorney general or the secretary of state. Most charities must file in their state of incorporation and in other states where they have activities. Many of the state charity officials provide useful information about charities and fundraisers on Web sites and in brochures and publications.

A listing of state charity offices is available through the National Association of State Charity Officials at www.nasconet.org. A listing of state attorneys general is available through the National Association of Attorneys General at www.naag.org.

Contact your state charity official if you have a concern or complaint that a charity or fundraiser is not complying with state laws.

IRS ASSISTANCE – The IRS can answer your tax questions and can provide tax forms, publications, and other reading materials for further assistance. IRS materials are accessible through the Internet at www.irs.gov, through telephone ordering at (800) 829-3676, and at IRS walk-in offices in many areas across the country. The IRS also must make available the charity's application for tax exemption, determination letter, and Form 990.

If you have a concern or complaint about a charity, write to IRS Examination Division, Attn: T:EO:E, 1100 Commerce Street, Dallas, TX 75242.

SPECIALIZED ASSISTANCE ON TAX-EXEMPT ORGANIZATIONS THROUGH THE EXEMPT ORGANIZATIONS (EO) DIVISION OF THE IRS:

www.irs.gov/eo

**Customer
Account Services
(877) 829-5500 (toll-free)**

Internal Revenue Service
TE/GE Customer Account
Services
P.O. Box 2508
Cincinnati, OH 45201

IRS tax forms and publications useful to donors are available on the EO Web site above and through the IRS services noted under **General IRS Assistance** on the back panel.

Form 1040, *U.S. Individual Income Tax Return*

Form 1040, Schedule A, *Itemized Deductions*

Form 8282, *Donee Information Return*

Form 8283, *Noncash Charitable Contributions*

Publication 526, *Charitable Contributions*

Publication 557, *Tax-Exempt Status for Your Organization*

Publication 561, *Determining the Value of Donated Property*

Publication 1771, *Charitable Contributions – Substantiation and Disclosure Requirements*

Publication 4302, *A Charity's Guide to Car Donations*

**GENERAL IRS ASSISTANCE ON THE LATEST
TAX LAWS, FORMS AND PUBLICATIONS,
AND FILING INFORMATION:**

www.irs.gov

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Federal tax questions | (800) 829-1040 |
| Small business federal tax questions | (800) 829-4933 |
| IRS tax forms and publication | (800) 829-3676 |
| IRS tax fax (Dial from a fax machine [with a hand-held telephone as part of the fax machine] and follow voice prompts to get forms faxed to you.) | (703) 368-9694 |



Department of the Treasury
Internal Revenue Service

www.irs.gov

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