



their adjusted gross income. In some cases, a gift that exceeds this amount can be carried over and claimed for up to five years until it is used up or the five-year period expires.

**A charitable gift must be properly substantiated.** Substantiation requirements vary depending on the nature and amount of the gift. In general, individual cash gifts less than \$250 may be substantiated by a cancelled check or reliable written record that shows the qualified organization's name, amount, and date of the cash gift. Individual cash gifts of \$250 or more require receipts from the gifted organization with the following information:

- a. Name of donor.
- b. A statement indicating whether or not the organization provided any goods or services to the individual in exchange for the gift. If only intangible religious benefits are provided (generally not sold in a commercial transaction), the receipt must contain a statement to that effect. If an exchange was provided, a good faith estimate of the value of those goods or services must be included.
- c. The giver must receive the receipt on or before the earlier of the following two dates: (1) the date the giver files a

tax return claiming a deduction for the contribution, or (2) the due date (including extensions) for filing the return.

While it is the sole responsibility of the giver to comply with substantiation rules, the church can take an active role in informing givers of current IRS guidelines to ensure their gifts are tax deductible. For further information on charitable contributions, refer to Internal Revenue Service publication 526: [www.irs.ustreas.gov/prod/forms\\_pubs/pubs/p526toc.htm](http://www.irs.ustreas.gov/prod/forms_pubs/pubs/p526toc.htm).

Please consult the services of a competent professional if legal or tax advice is required.

This brochure is for information purposes only. For additional free quantities, call 800-458-3766, or download at [www.abcusamissions.org/missiongiving/treasurer.cfm](http://www.abcusamissions.org/missiongiving/treasurer.cfm).



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# CHARITABLE GIFTS



**Charitable** (adj.): Generous in giving financial or other aid to the needy.

*Each of you must give as you have  
made up your mind, not  
reluctantly or under compulsion,  
for God loves a cheerful giver.*

2 Corinthians 9:7





## WHEN IS A CHARITABLE GIFT TAX DEDUCTIBLE?



Giving, for Christians, is a profoundly spiritual issue and helps us respond to the overwhelming needs in “Jerusalem, in all Judea and Samaria, and to the ends of the earth” (Acts 1:8). We want to help feed the hungry and rebuild communities ravaged by war, poverty, and natural disasters. The person who is a generous, sacrificial giver has most likely learned to trust God and has discovered in giving the joy of the Lord.

But what about the practical side of giving? The opportunity to claim a tax deduction is not usually the primary motivating factor when a person chooses to give of their resources to a church or religious organization. In fact, about 70% of taxpayers do not receive any tax benefit from charitable giving because they do not itemize deductions on their income tax returns (Form 1040, Schedule A).

If you are among the 30% who do itemize deductions on your income tax return, use the following criteria to ensure your charitable gifts are tax-deductible.

**A charitable gift must be in the form of cash or property, such as checks, credit card charges, real estate, stocks, bonds, or insurance policies.** Donated services are not deductible. However, unreimbursed expenses incurred in performing the service, such as travel, meals and lodging, may qualify.

**A charitable gift must be made before the close of the tax year for which the contribution is claimed.** Givers should not be encouraged to post-date checks so that they can claim a tax deduction for a previous year. For example, during a church service in January members should not be instructed to date their checks for December of the prior year in order to claim the deduction. Only gifts that are postmarked or received by December 31 are eligible to be claimed for that tax year. Contributions charged to credit cards are deductible in the year the charge is made.

**A charitable gift must be unconditional and without personal benefit to the giver.** A gift is an irrevocable transfer of the giver’s entire interest in the donated cash or property. If the giver receives a return benefit in exchange for the gift, only the portion that exceeds the return benefit is deductible. For example, a person buys a \$50 ticket for a fund-raising dinner. The value of the meal (the return benefit) is \$20. Only \$30 qualifies as a

deductible gift. The church is responsible for disclosing the value or reasonable estimate of any return benefit and the portion of the ticket cost that is a tax-deductible gift.

**A charitable gift must be made to or for the use of a qualified organization created or organized in the United States.** A gift made directly to a foreign church or ministry is not tax deductible in this country. A gift made directly to an individual is also not tax deductible. For example, a Christmas gift given to a pastor or sent directly to a missionary is not tax deductible. The only exception to this rule is if the giver can prove that the gift was actually for the use of the qualifying organization. Unless the qualifying organization clearly retains full administrative and accounting control over the funds, this exception would probably not apply. (To find out if a church or organization is a qualified organization, ask to see a copy of their IRS Determination Letter. You can also call the IRS to find out, 800-829-1040.)

**A charitable gift cannot exceed the amount allowed by law.** There are limits on the total amount that can be claimed as a deduction in a given year. In general, people may deduct gifts to churches and religious organizations for up to 50% of