

**Frequently Asked Charitable Contribution Deductions Questions for Aid Given
to Hurricane Irma, Harvey, and Maria Victims**

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1Q: Do I get a deduction for clothes, toys, and other items that I donated to churches, organizations, or neighbors?

A: Maybe. If you donated clothes, toys, and other supply items, the donation is only tax deductible if it is made to a qualified charitable organization. And, you must have a receipt from the qualified charitable organization and keep records showing the organization's name and description of the gift. No charitable deduction is allowed for any cash or property contribution of \$250 or more unless you can provide a written acknowledgement, made on or near the time of donation, from the qualified charitable organization. In general, the written acknowledgement must state: 1) the amount of cash and/or a description of any property other than cash contributed; 2) whether the qualified charitable organization provided any goods or services in return for the donation, or if it did, a description and good-faith estimate of their value what the charitable organization gave back; and 3) if the goods or services consist entirely of intangible religious benefits, a statement to that effect. No charitable deduction is allowed for any clothing or household items that aren't in good or better condition. However, a deduction may be allowed if amounts claimed for an item exceeds \$500 and the taxpayer includes a qualified appraisal of that item with the tax return. Note that the IRS may also deny a deduction for any contribution of clothing or a household item with minimal monetary value such as used socks.

2Q: Do I get a deduction if I donated money on a GoFundMe page or other similar site to help to assist victims?

A: Probably not. If you donated cash, it must be to a qualified charitable organization that fits into one of the specified categories and for which the IRS has ruled is eligible to receive deductible contributions. Because most GoFundMe accounts are set up by individuals and small groups, not qualified charitable organizations, donations of this kind generally are not tax deductible. However, donations made through your phone or webpage directly to a qualified organization would be deductible. For cash contributions, taxpayers must keep either a cancelled

check, receipt or other reliable evidence. You can't deduct *any* contribution of a cash, check, or other monetary gift unless you maintain as a record of the contribution, a bank record or a written communication from the donee organization showing its name, plus the date and amount of the contribution.

3Q: Do I get a deduction if I donated my time to volunteer for an organization/church?

A: No. No deduction is allowed for the value of services you the taxpayer renders to charity. You are only allowed a deduction for your unreimbursed out-of-pocket expenses for a charity. The services must primarily benefit the charity and not you, your family, or others.

4Q: Do I get a donation if I donated some of my vacation time or sick leave through work?

A: No. You neither get taxed on, nor get a tax deduction for donated vacation or sick leave.

5Q: Do I get a deduction if I opened up my rental property/second home to shelter victims?

A: No. You are not allowed to take a charitable deduction for your rental property or second home even if you gave a qualified charitable organization the right to use the property rent-free since you still retain the property itself.

6Q: Do I get a deduction if I donated food to an organization or church?

A: Maybe. If you donated food, the donation is only tax deductible if it is made to a qualified charitable organization. And, you must have a receipt from the qualified charitable organization and keep records showing the organization's name and description of the gift. No charitable deduction is allowed for any cash or property contribution of \$250 or more unless you can provide a written acknowledgement, made on near the time of donation, from the qualified charitable organization. In general, the written acknowledgement must state: 1) the amount of cash and/or a description of any property other than cash contributed; 2) whether the qualified charitable organization provided any goods or services in return for the donation, or if it did, a description and good-faith estimate of their value what the charitable organization gave back; and 3) if the goods or services consist entirely of intangible religious benefits, a statement to that effect.

7Q: Do I get a deduction if I allowed victims to stay in my house?

A: Probably not. Since you are donating to an individual, not a charitable organization, no deduction can be taken. However, if the stay was a service to a qualified charitable organization, you can deduct your out-of-pocket expenses. You will want to have those documented, which can be difficult to do, and confirmed by the charity though.

8Q: What if my business made extra food to donate to an organization?

A: If you donated food inventory that is contributed to a qualified organization or private operating foundation, you can deduct the expense of that food as a qualified charitable contribution. Corporations are able to deduct the cost to produce the food and half the difference between the cost and full fair market value of the food donated. This is limited to 15% of the corporation's taxable income, but any excess contributions are carried forward in each of the give succeeding tax years.

9Q: Do I get a deduction if I opened my business up as a shelter for people to stay in during and after the storm?

A: Yes. If the stay in the property was a service to a qualified charitable organization, you can document and deduct your out-of-pocket expenses. However, if you can show that you were building goodwill, what is disallowed as a charitable deduction may be deductible as an ordinary and necessary business expense, so consult your tax adviser.

10Q: Do I get a deduction if I allowed victims to use my shower, laundry, water, energy?

A: Technically, maybe. In theory, you can deduct these usages if they were a service provided to a qualified charitable organization. However, in practice, the problem is proving the burden of amount of utilities consumed.

11Q: What kind of organizations are normally qualified charitable organizations?

A: Normally, qualified charitable organizations include:

- A state or possession of the United States (or any subdivision).

- A corporation, trust, community chest, fund, or foundation located in the United States and organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals.
- A veterans' organization.
- A fraternal organization operating under the lodge system.
- A cemetery company.

It is commonly understood that contributions to a church, synagogue, or other religious organization are allowed. But for less well-known organizations, you can consult an IRS list of organizations that have applied for and received tax-exempt status under Section 501 of the Internal Revenue Code.

Gifts made to individuals *are not* deductible such as a needy family or a homeless individual.

12Q: May I deduct anything if I assisted in helping to clean up public roads and properties after the storm?

A: Maybe. Unfortunately, no deduction is allowed for the value of services you render to a qualified charity or governmental organization. However, you are allowed a deduction for your unreimbursed out-of-pocket expenses necessary to perform services, like commuting to the road site and travel expenses. However, the services must primarily benefit the charity or government and not the taxpayer, the taxpayer's family, or others. Travel costs, including the cost of meals and lodging, will be deductible where the trip primarily benefits the government or charity. The charitable deduction is limited to amounts necessarily incurred for meals and lodging while away from home overnight in rendering these services. If you use a car to perform these services, you may deduct 14¢ per mile as a contribution, or, alternatively deduct the actual (unreimbursed) expenses for items like gasoline. Parking fees and tolls are deductible in either case, as are deductions otherwise allowable for interest or taxes connected with the car, but depreciation, insurance, and repairs on the car are not deductible. Note that if there's a significant element of personal pleasure or vacation to the travel, the costs won't be deductible.

13Q: Do I get a deduction if I gave money to needy strangers?

A: No. No charitable deduction is allowed for a donation made to or for an individual because they are not a qualified organization.

14Q: Do I get a deduction if I went to another state to assist people in need?

A: Maybe. To be deductible, you must be assisting through a qualified charitable organization or government. And, unfortunately, no deduction is allowed for the value of services a taxpayer renders to charity. However, you are allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a qualified charitable organization. However, the services must primarily benefit the charity and not the taxpayer, the taxpayer's family, or others. Travel costs, including the cost of meals and lodging, will be deductible where the trip primarily benefits the charity. The charitable deduction is limited to amounts necessarily incurred for meals and lodging while away from home overnight in rendering these services. If you use a car to perform these services, you may deduct 14¢ per mile as a contribution, or, alternatively deduct the actual (unreimbursed) expenses for items like gasoline. Parking fees and tolls are deductible in either case, as are deductions otherwise allowable for interest or taxes connected with the car, but depreciation, insurance, and repairs on the car are not deductible. Note that if there's a significant element of personal pleasure or vacation to the travel, the costs won't be deductible.

15Q: Do I get a deduction if I used my boat to rescue victims?

A: Maybe. If you used a boat to perform services for a local government or qualified charitable organization, you may deduct your reasonable, out-of-pocket costs (for example gasoline) incurred as a contribution. Depreciation and insurance on your boat is not deductible. For additional information on those transporting supplies and rescue vehicles, see IRC Sec. 7508A (iii) and Sec. 11 of Rev. Proc. 2007-56. You are also allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a qualified charitable organization. The services must primarily benefit the charity and not the taxpayer, the taxpayer's family, or others. Unfortunately, no deduction is allowed for the value of services a taxpayer renders to charity.

16Q: Do I get a deduction if I used my boat to rescue pets or other animals?

A: Maybe. If you used a boat to perform services for a local government or qualified charitable organization, you may deduct your reasonable, out-of-pocket costs (for example gasoline) incurred as a contribution. Depreciation and insurance on your boat is not deductible. You are also allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a qualified charitable organization. For additional information on those transporting supplies and rescue vehicles, see IRC Sec. 7508A (iii) and Sec. 11 of Rev. Proc. 2007-56. The services must primarily benefit the charity and not the taxpayer, the taxpayer's family, or others. Unfortunately, no deduction is allowed for the value of services a taxpayer renders to charity.

17Q: Do I get a deduction if I donated food to a neighbor or friend?

A: No. No charitable deduction is allowed for a donation made to or for an individual unless that individual is an agent for a qualified organization.

18Q: Do I get a deduction if I purchased gas for someone to get out of the storm?

A: No. No charitable deduction is allowed for a donation made to or for an individual unless that individual is an agent for a qualified organization.

19Q: Do I get a deduction if I helped a local government rescue others?

A: Maybe. Unfortunately, no deduction is allowed for the value of services a taxpayer renders to a local government entity. However, you are allowed a deduction for your unreimbursed out-of-pocket expenses for travel expenses necessarily incurred in performing free services to a local government entity. The services must primarily benefit the local government entity and not the taxpayer, the taxpayer's family, or others. Travel costs, including the cost of meals and lodging, will be deductible where the trip primarily benefits the local government. The charitable deduction is limited to amounts necessarily incurred for meals and lodging while away from home overnight in rendering these services. If you use a car to perform these services, you may deduct 14¢ per mile as a contribution, or alternatively deduct the actual (unreimbursed) expenses for items like gasoline. Parking fees and tolls are deductible in either case, as are deductions otherwise allowable for interest or taxes connected with the car, but depreciation, insurance, and

repairs on the car are not deductible. Note that if there's a significant element of personal pleasure or vacation to the travel, the costs won't be deductible.

20Q: Do I get a deduction if I donated to a shelter run by a local government, charitable organization, or private business?

A: Maybe. If you donated clothes, toys, and other supply items, the donation is only tax deductible if it is made to a qualified charitable organization which includes local government entities. And, you must have a receipt from the qualified charitable organization and keep records showing the organization's name and description of the gift. No charitable deduction is allowed for any cash or property contribution of \$250 or more unless you can provide a written acknowledgement, made on near the time of donation, from the qualified charitable organization. In general, the written acknowledgement must state: 1) the amount of cash and/or a description of any property other than cash contributed; 2) whether the qualified charitable organization provided any goods or services in return for the donation, or if it did, a description and good-faith estimate of their value what the charitable organization gave back; and 3) if the goods or services consist entirely of intangible religious benefits, a statement to that effect. No charitable deduction is allowed for any clothing or household items that isn't in good or better condition. However, a deduction may be allowed if amounts claimed for an item exceeds \$500 and the taxpayer includes a qualified appraisal of that item with the tax return. Note that the IRS may also deny a deduction for any contribution of clothing or a household item with minimal monetary value such as used socks. No deduction is allowed for donations to a private business unless that business is considered a qualified charitable organization as identified by the IRS.

21Q: Do I get a deduction if a business that I own made a donation?

A: Maybe. If you own a sole proprietorship, the only way you can deduct your charitable contributions is on Schedule A, *Itemized Deductions*, of your personal tax return if you choose to itemize your deductions.

If you own an interest in a partnership, you will take your percentage share of the deductions on your personal tax return on Schedule A, *Itemized Deductions*.

If you own shares in an S corporation, you will take your percentage share of the deductions on your personal tax return on Schedule A, *Itemized Deductions*.

If you own shares in a regular corporation, the corporation itself takes deductions for those contributions.

22Q: If I do qualify for a deduction, where do I deduct these expenses?

A: On Schedule A, *Itemized Deductions*, of your Form 1040 individual income tax return, under the section gifts to charity. You would then attach the Schedule A to your Form 1040 and put the amount of your total itemized deduction amount on line 40 of your Form 1040. You may elect to take the standard deduction if your total itemized deduction is less than the standard deduction. The Schedule A can be seen here: <https://www.irs.gov/pub/irs-pdf/f1040sa.pdf> Note: If you personally have made non-cash contributions of over \$500, you must file Form 8283, *Noncash Charitable Contributions* (<https://www.irs.gov/pub/irs-pdf/f8283.pdf>) with your tax return providing information on the donated property.

23Q: How does the Tax Reform law passed in 2017 affect the deductibility of my contributions?

A: It generally doesn't. The passing of the Tax Cuts and Jobs Act does not affect the deductibility of your 2017 charitable contributions. Beginning in 2018, the percentage deductibility for individual taxpayers of cash to public charities and certain other organizations increases from 50% to 60%.

24Q: Do I get a deduction if my business collects money to provide to affected employees?

A: If you collect funds from third party sources to provide to affected employees, you cannot deduct the money paid to you for this purpose.

25Q: Do I get a deduction if my business pays my employees for the days we were closed due to the hurricanes?

A: Those costs aren't charitable contributions but they can be taken as an ordinary business expense, and better still, they may qualify for a credit of up to 40% of wages paid, as calculated on Form 5884-A, *Credits for Affected Disaster Area Employers*.

For more information on any of these questions, consult your tax advisor.

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