

Charitable Giving in 2017: Not All Donations Are Equal

As you file your 2016 income tax return and plan your charitable giving for 2017, it's important to keep in mind the available deduction. It can vary significantly depending on a variety of factors.

1) What You Give

Other than the actual amount you donate, one of the biggest factors that can affect your deduction is **what** you give:

- **Cash:** This includes not just actual cash but gifts made by check, credit card or payroll deduction. You may deduct 100%.
- **Ordinary-income property:** Examples include stocks and bonds held one year or less, inventory, and property subject to depreciation recapture. You generally may deduct only the lesser of fair market value or your tax basis.
- **Long-term capital gains property:** You may deduct the current fair market value of appreciated stocks and bonds held for more than one year.
- **Tangible personal property:** Your deduction depends on the situation.
 - If the property isn't related to the charity's tax-exempt function (such as an antique donated for a charity auction), your deduction is limited to your basis.

- If the property is related to the charity's tax-exempt function (such as an antique donated to a museum for its collection), you can deduct the fair market value.

- **Vehicle:** Unless the vehicle is being used by the charity, you generally may deduct only the amount the charity receives when it sells the vehicle.
- **Use of property:** Examples include use of a vacation home and a loan of artwork. Generally, you receive no deduction because it isn't considered a completed gift.
- **Services:** You may deduct only your out-of-pocket expenses, not the fair market value of your services. You can deduct 14 cents per charitable mile driven.

2) Other Factors

Your annual charitable donation deductions may be reduced if they exceed certain income-based limits. And if you receive some benefit from the charity, your deduction generally must be reduced by the benefit's value.

In addition, various substantiation requirements apply. And the charity must be eligible to receive tax-deductible contributions. Finally, please keep in mind that tax law changes could be passed later this year that might affect your 2017 charitable deductions.



If you have any questions about how much you can deduct on your 2016 return, please contact **Sherman Leong, Tax Manager** at sleong@lvhj.com or 415-905-5432.

[Click here to read more about Sherman Leong.](#)

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