

EVANOFF ACCOUNTING SERVICES LLC

Specializing in Small Business and Individual Taxes

Income Taxes • Accounting • Bookkeeping • Computer Services

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Charitable Recordkeeping

Recordkeeping rules require a bank record, such as a cancelled check, or acknowledgement letter from the charity, to claim a charitable contribution deduction. You do not need to provide BHA with these documents if you note the contribution in the tax organizer, but you should keep them with your records.

For **cash contributions**, the following substantiation rules apply:

1. For contributions less than \$250, a cancelled check, bank record (including credit card statements) and payroll deductions are appropriate documentation.
2. For contributions of \$250 or more, a written acknowledgement from the charity is required in order to claim the deduction. The written acknowledgement needs to state that no goods or services were received in exchange (or else state the amount that was received).

For **total noncash donations over \$500**, please provide BHA with the following information for each donation (even if an individual donation is less than \$500):

1. Organization's name and address
2. Date and location of the donation
3. Description of the property donated
4. Fair market value of the property donated
5. Original cost of the property donated

For **noncash contributions of greater than \$5,000** a qualified appraisal is needed in order to claim the deduction. The appraiser and the charity will both need to sign Form 8283 with the tax return. For donations of similar items (such as gifts of clothing to Goodwill throughout the year), the \$5,000 appraisal threshold applies in the aggregate. Note that this requirement does not apply to donations of publicly-traded securities.

For a **qualified charitable distribution (QCD)**, a charitable deduction cannot be claimed. However, taxpayers age 70 ½ or older are allowed to make direct contributions (QCDs) from their IRA to a qualified charitable organization, up to \$108,000 per tax year (increases to \$111,000 for 2026). QCDs aren't included in taxable income and can be used to satisfy an IRA owner's required minimum distribution (RMD). The amount of your IRA distribution that was sent directly to charity as a QCD will not be noted on your 1099-R tax information form, so you will have to notify us if a QCD has been made. We will need documentation from the IRA brokerage firm or acknowledgment from the charitable organization that a QCD was made to properly exclude the income on your tax return.