The income tax deduction for charitable contributions survived the 2017 tax changes.

- You may deduct charitable contributions of money or property made to qualified organizations if you itemize your deductions.

- Generally, contributions to public charities may be deducted up to 50 percent of your adjusted gross income. Lower limitations apply to contributions to other types of charitable organizations, like certain private foundations.

- One change made by the 2017 legislation was, for 2018 through 2025, to raise the limitation to 60 percent for cash contributions to public charities.

- Contributions must actually be paid in cash or other property before the close of your tax year to be deductible, whether you use the cash or accrual method.
Charitable Deductions Benefit Itemizers

- Charitable deductions are available to individuals who itemize.

  - Standard deduction for 2018:
    - Married couples filing a joint return: $24,000
    - Single filers: $12,000
    - Additional standard deduction if age 65 or blind: $1,300 ($1,600 if unmarried and not a surviving spouse).

- To deduct a charitable contribution, you must itemize.

  - If one spouse itemizes, both must itemize.
• **Bunching or Bundling**

  • Delaying contributions until you have a sufficient amount of itemized deductions to exceed the standard deduction.

  • Consider a couple that is claiming the maximum property and state income tax deduction of $10,000. The couple also paid $6,000 in mortgage interest in the year. They will need at least $8,000 of charitable gifts in order to hit--and surpass--the $24,000 standard deduction threshold.

  • If this couple normally gives $6,000 to charity annually, they can accelerate the gift by cramming in two years of donations into one tax year. That way, they itemize on their taxes one year and take the standard deduction the next.
• **Donor Advised Funds (DAF)**

  • You can make a large, tax-deductible gift in one year, but decide in the future--whenever you want, next month, next year, in ten years--when and how to distribute the gift.

  • The money stays with the DAF, which invests it, until you instruct the DAF to disburse the funds to the charity of your choice.

  • If you want to establish a DAF, you should consult a qualified financial advisor.
• **Gifts of Appreciated Securities**

  • Gifts of appreciated securities continue to be beneficial for donors to help boost contributions for purposes of itemizing deductions and to avoid tax on capital gains if the donor sells the highly appreciated securities.

  • A gift of appreciated securities to a DAF provides a way to split the gift among a number of donee organizations.
• An IRA Qualified Charitable Distribution

• A way for donors 70 and 1/2 to make a tax efficient charitable gift.

• It is beneficial whether you itemize or not, because the distribution will be excluded from your income and, therefore, is not subject to tax.

• The maximum annual exclusion is $100,000. If you file a joint return, a spouse can also exclude up to $100,000

• It will satisfy your distribution requirement from the IRA.

• Not subject to deduction limitations.

• Again, this is something you should discuss with your qualified advisor.
• **Substantiation**

  • Record keeping is important.

  • Without a receipt, you may still qualify for a deduction of cash contributions less than $250, and you must have a bank record or a payroll-deduction record to claim the tax deduction.

  • You need a receipt and other proof for both of:

    • Cash contributions of $250 or more.

    • Non cash contributions.

  • N.B.: With respect to cash contributions, you don't have to combine separate contributions, e.g., you contribute $25 a week to your church; each contribution is separately tested for the $250 limitation.
For a contribution not made in cash, the records you must keep depend on whether your deduction for the contribution is:

- Less than $250; you need a receipt,
- At least $250 but not more than $500; you need a more detailed acknowledgment and certain records,
- Over $500 but not more than $5,000; you need additional records, or
- Over $5,000; you need an appraisal.
• **Qualified Conservation Contributions**

• A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization to be used only for conservation purposes.

• A qualified organization is:
  
  • A governmental unit,
  
  • A publicly supported charity, or
  
  • An organization controlled by, and operated for the exclusive benefit of, a governmental unit or a publicly supported charity.

• The organization also must have a commitment to protect the conservation purposes of the donation and must have the resources to enforce the restrictions.
• **Qualified Real Property Interest**

  • A qualified real property interest is any of the following interests in real property:
    
    • Your entire interest in real estate other than a mineral interest (subsurface oil, gas, or other minerals, and the right of access to these minerals).
    
    • A remainder interest.
    
    • A restriction (granted in perpetuity) on the use that may be made of the real property.
• **Conservation Purposes**

  • Conservation purposes are limited to:

    • Preserving land areas for outdoor recreation by, or for the education of, the general public.

    • Protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem.

    • Preserving open space, including farmland and forest land, if it yields a significant public benefit. The open space must be preserved either for the scenic enjoyment of the general public or under a clearly defined federal, state, or local governmental conservation policy.

    • Preserving a historically important land area or a certified historic structure.