

Charitable giving and taxes

Many people donate to nonprofit organizations and other philanthropic groups out of a personal desire to do good for others. Such charitable giving can improve the lives of others and may make donors eligible for tax deductions.

According to the U.S. Internal Revenue Service, donors may deduct charitable contributions of money or property made to qualified organizations. These generally include religious organizations, veterans organizations, nonprofit groups qualified under section 170(c) of the Internal Revenue Code, and some other groups as well. The Canada Revenue Agency lists registered charities, registered low-cost housing corporations, national arts service organizations, registered Canadian amateur athletic associations, and some educational universities among the organizations that may qualify donors for tax deductions. Canadian individuals and businesses generally can claim deductions and gifts of up to 75 percent of net income. In the United States, the IRS states one generally may deduct up to 50 percent of adjusted gross income, but 20 percent and 30 percent limitations apply in some cases.

Giving can constitute cash and non-cash donations, advises the charity watchdog organization Charity Navigator. For example, deductions for donations of clothing and household items that are in “good condition or better” may qualify donors for tax deduc-

tions. Donors are advised to bring items to reputable charities that will issue a receipt for their value. An appraisal may be requested for more expensive items.

All donations require a paper trail and proof of charitable contribution. The Government of Canada states that official donation receipts from registered charities and other qualified organizations should be kept in a safe place. While these receipts need not be submitted at the time of filing (whether on paper returns or electronic filings), they should be kept for five years in the event they are subjected to review. Timing donations properly is key. The IRS says that contributions made in cash or other property must be made before the close of the tax year to be deductible.

A tax treaty between the United States and Canada allows for some deduction of donations made to charities across the border. Again, it is best to consult with a tax professional in these matters as some contributions to foreign organizations are not deductible.

Charitable giving has many benefits, including feeling good about oneself,

helping the less fortunate and the financial reward of qualifying for some tax breaks.



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Cottage Theatre is a community-supported theatre: more than one third of the theatre's annual budget comes from donations from people like you. Your gift to Cottage Theatre (and the Opal Center, Historical Society, and other cultural institutions) qualifies you to claim the Oregon cultural tax credit. It's the cultural donation you get back at tax time. Talk to your CPA, or learn more at (503) 986-0088 or CulturalTrust.org.

DOUBLE THE LOVE. HERE'S HOW:

1. TOTAL

YOUR DONATIONS
TO CULTURE

2. GIVE

A MATCHING
AMOUNT TO THE
CULTURAL TRUST

3. CLAIM

CULTURAL TAX
CREDIT ON YOUR
STATE TAXES

