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## FAQs: Charitable Contributions

As the year comes to a close, the most common question I am asked by my clients is “What can I do before the end of the year to improve my tax situation?” One of the easiest strategies to employ is increased charitable giving – and since one of my favorite charities is City Circle Acting Company, I thought an end-of-the-year blog addressing IRS rules on, and tax benefits of charitable donations, might help theatre lovers in their decisions about donating to City Circle in 2014.

*Carrie Houchins-Witt, CFP® | EA is not only a Coralville-based financial planning and tax professional, but an active member of our theater community whether performing on stage in a City Circle show, sitting on the City Circle board, or serving as a member of the City of Coralville’s Arts Commission. For more information, contact her at [carrie@houchinswitt.com](mailto:carrie@houchinswitt.com) or check out her website at [www.houchinswitt.com](http://www.houchinswitt.com).*

Q: Who can benefit from charitable giving?

A: Besides the warm, fuzzy feeling we *all* get from supporting an important cause, some taxpayers are able to deduct charitable donations on their tax returns. If you file a Schedule A for itemized deductions, you can deduct qualified charitable contributions.

Q: How can I make a donation to City Circle and/or the Coralville Center for the Performing Arts?

A: Donate online at <http://coralvillearts.org/index.aspx?nid=92>. To write a check, note that your donation is intended for City Circle and/or CCPA, and send your donation to:

Community Fund of Johnson County  
325 E Washington Street  
Iowa City IA 52240

Q: How much can I donate?

A: There is no limit to how much a taxpayer can donate, but there is a limit to how much can be deducted. Up to 50% of the taxpayer's adjusted gross income for the year is deductible.

Q: What types of donations are deductible?

A: Donations of cash and property are deductible. Used property must be in good condition or better, except under certain circumstances. You may also deduct mileage when traveling to charitable events or volunteering (including ushering and actors attending rehearsals!). Check with City Circle and the CCPA to see what is on their "wish list" of donations!

Q: How much can I deduct for donating used property?

A: Generally, the fair market value of the property is deductible. This is sometimes referred to as the "thrift store value" - how much would it sell for at a thrift store? If the value is more than \$5,000, you must have a qualified written appraisal stating the value.

Q: Is there anything I cannot deduct?

A: Of course! You cannot deduct a contribution from which you benefit. For instance, if you attend a performance this holiday season, you cannot deduct the cost of your ticket because you received the benefit of entertainment and a fantastic show. Also, you cannot deduct the value of your own time or services. So if you are a volunteer actor, you cannot deduct the time you spend in rehearsals.

Q: Is there any special credit I receive for donations to the CCPA?

A: Yes! If you donate to the *endowment fund* at the Community Fund of Johnson County, you may also qualify for a 25% tax credit on your Iowa tax return, in addition to the federal deduction listed above. Keep in mind that donations to the endowment cannot be used for operating expenses or projects, but for the long-term health of the organization.

Q: What records do I need to keep?

A: For a donation of cash, check, or credit card, you must keep either a bank record or a receipt from the organization. You will receive a receipt for all donations to City Circle and the CCPA.

As with all tax rules, there are many particulars and exceptions to the information detailed above. Please note that this is not specific tax advice, but a general guideline.

If you still have questions about charitable contributions, I am happy to talk to you about your particular situation. Contact me at [carrie@houchinswitt.com](mailto:carrie@houchinswitt.com) or 319-359-0439. Happy Holidays!