



## **Donations of Clothes and Household Items**

We have noticed an increase in issues related to charitable donations of clothes and household items. This information is intended to help clarify some of the basic considerations for both the organizations receiving the donated goods and for donors.

### **General Information for Donors**

In general, donors may be able to claim gifts of clothing and/or household items (i.e. furniture, furnishings, electronics, etc.) as charitable donation deductions if they are in good used condition or better and if given to an organization that has federal 501(c)(3) charity status. See <https://apps.irs.gov/app/eos/> for the IRS list of approved charities.

The amount of the deduction is limited to the fair market value of the item at the time of the contribution. It is the donor's responsibility to determine the amount of the deduction. Fair market value is defined as the price that would be agreed upon between a willing buyer and a willing seller. Used clothing and household items are usually worth much less than the original purchase price. Please see IRS Publication 561, "Determining the Value of Donated Property" (available at [www.irs.gov](http://www.irs.gov)) for more information. Also, some charities include fair market value guidelines on their websites.

Varying levels of documentation are required that depend on the value of the donation. If the donor claims:

- \$250 or less - written records and a receipt (if practical) from the tax-exempt organization(s) are required to support the deduction.
- More than \$250 and up to \$500 - written records and a written acknowledgement from the tax-exempt organization(s), as described on the next page, are required to support the deduction.
- More than \$500 and up to \$5,000 of noncash donations - IRS Form 8283 is required as an attachment to their tax return. In addition, written records and a written acknowledgement from the tax-exempt organization(s) are required to support the deduction.
- More than \$5,000 - in addition to Form 8283, written records, a written acknowledgement, and a qualified appraisal is required.

Required written records to support the deduction must include:

- The name, address, and tax ID number of the tax-exempt organization
- Date and location of the gift
- Description (list of items)
- Fair market value
- If the donation is over \$500, the written records must also include how and when the taxpayer acquired the property and the property's cost or basis.

***The above summary of information for donors is not intended to provide legal or tax advice, and is furnished without representation or warranty. Questions on specific tax matters, including the deductibility of donated clothes and household items, should be directed to your legal or tax professional.***

### **General Information for Tax-Exempt Organizations (Recipient)**

Tax-exempt organizations are not responsible for determining the fair market value of donated items for the donor for purposes of the tax deduction. An acknowledgement (without stated value) should be provided to the donor to enable them to claim the tax benefits. However, when donors drop off items worth \$250 or less at unattended locations, an acknowledgement is not practical nor required.

The tax-exempt organization is required to provide a written acknowledgment, or receipt, which should include the following information:

1. Organization's name and address
2. Organization's tax ID number
3. Date received
4. Description of donation/property received
5. Statement as to whether or not the donor received any goods or services in return (with a good faith estimate of the value of such goods or services) in connection with the donation
6. If the donor received intangible religious benefits, the acknowledgment should say so, although no value is required

Usually, the written acknowledgement is provided at the same time the donation is made, but if not, it must be provided before the date the donor's return is filed or is due, whichever is earlier.

The written acknowledgement can be either a paper document or in electronic format, such as an e-mail addressed to the donor.

***The above information and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While the information is intended to be a helpful guide for organizations, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of any such organization. Questions should be addressed to the organization's legal, business or tax advisors.***