

Tax Tips

Give—And Grow Rich

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(NAPSA)—Charitable contributions show the Golden Rule is one to live by. You can feel good and claim a tax deduction.

Because charitable gifts are deductible, your actual cost is reduced. If you're in the 25 percent tax bracket, the actual cost of a \$100 donation is only \$75. As your tax bracket increases, the real cost of charity decreases.

You can deduct only those contributions that go to a qualified recipient. Foreign governments, private foundations, needy individuals and political organizations don't count. The IRS Web site lists charities to which contributions are deductible.

If you contribute property owned for more than one year, the value of the deduction is normally equal to the property's fair market value. When you contribute appreciated property, you get a deduction for the full fair market value. You're not taxed on any of the appreciation, so, in effect, you get a deduction for an amount that you never reported as income.

You should contribute, rather than trash, old clothes, furniture and equipment. If you bring \$1,000 in old clothes or furniture to Goodwill or the Salvation Army, get a receipt. In the 25 percent bracket, that receipt is worth \$250.

Don't forget the mileage deduction: 14 cents for each mile driven for charitable purposes. If you're transporting Cub Scouts or using your car for any charitable purpose, you can take the mileage deduction. You can deduct the actual costs of transportation, if you have receipts. Unfortunately, you get no deduction for the value of services rendered to a charity.



You can do well by doing good. Giving money to charities can help you have a less taxing time.

Talking about receipts, the Omnibus Budget Reconciliation Act of 1993 changed the rules. Now, no deduction is allowed for a separate contribution of \$250 or more without written confirmation from the charity. A canceled check is not enough. If the contribution is to a religious organization solely for an intangible religious benefit (annual dues, for example) written proof is still required. All other contributions of cash require the charity to estimate the fair market value of any goods or services you get in exchange.

Moreover, any solicited contributions of more than \$75 require the charity to tell you in writing how much is deductible.

One easy way to keep track of charitable donations is by using Microsoft Money, which can help you see when and where you have donated over the past year. Money can also help make tax preparation a breeze with tools such as its Deduction Finder, which identifies ways to maximize a refund.

It's better to give than receive and the glory of charitable donations is you give and receive at the same time. For additional tax tips, and access to other helpful tax tools, see www.microsoft.com/money/.