

## DONATING A CAR TO CHARITY - DON'T MAKE A COSTLY MISTAKE

Donating a car to charity can be a big deduction on your tax return, but the value of your deduction can depend on the organization you donate your car to and how they use the vehicle.

### **Fair market value or not quite**

When you donate a vehicle, the value of your donation is either the fair market value when you donate it or the value received by the charitable organization for your vehicle.

- If the charitable organization uses the vehicle, or uses the vehicle to train others, you can deduct the fair market value.
- If the organization resells your donated vehicle, your donation is limited to what the organization receives for it and NOT the fair market value of the item. This often means a much lower tax deduction for you.

### **Choosing an organization**

If you want to ensure you get the maximum value for your donated vehicle, find an organization that will use the vehicle themselves or use it to train others. Examples are organizations that help single mothers obtain transportation to and from work, deliver meals to seniors, or teach auto repair or body shop work to unemployed individuals.

### **Determine fair market value**

Before you donate your vehicle, use a reputable source to estimate the value of your vehicle. Online auto guides like kbb.com or Edmunds.com are good resources for this. This will help you ensure the value given to your donation is reasonable. Making a copy of the title and taking photos of the vehicle before donating it will help you support your fair market value claim.

### **Obtain documentation from the organization**

When the time comes to donate, make sure the organization gives you a Form 1098-C. Verify that the fair market value assigned to your donation meets or exceeds your estimated value of your donation. If the valuation exceeds \$5,000, you need to obtain a professional appraisal.

The details of charitable vehicle donations for a tax deduction can vary by situation. Before you decide to donate, give us a call. We're here to help.