



# Donating a Used Vehicle to Charity

KLR Not-for-Profit Services Group

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## Donating a Used Vehicle to Charity

Looking to tackle a summer donation project? Consider donating your car to charity. What can be better than getting rid of an unwanted used car, benefiting charity through the donation, and getting a tax break for doing so? Donating a used vehicle to charity is an honorable effort but keep in mind that some people who donate expect a hefty tax break and do not end up receiving one.

### Filing and recordkeeping requirements

Recordkeeping requirements depend on how much of the deduction you claim on your return:

If you're claiming at minimum \$250 but no more than \$500 as the value of your donated vehicle, you need written acknowledgement from the charity which must be acquired by the earlier of the date you file your return for the year of the donation or the due date of your return, including extensions. It is the contributor's responsibility to request and obtain the written acknowledgement from the charity.

The acknowledgement has to provide:

- Name of donor
- Name of the charity,
- Year, make and model, and vehicle identification number of vehicle
- Date of the donation
- Record of any goods or services provided by the charity in return for your vehicle and description of each good or service and its value, or a statement that no goods or services were received, or a statement that the only goods and services received were intangible religious benefits

If you're claiming a deduction of more than \$500 but less than \$5,000 for the vehicle donation, you will also need a *timely* written acknowledgement from the charity attached to your return. This acknowledgement must include:

- Name of donor
- Social Security Number of donor
- Name of charity
- Vehicle Identification Number, and full description of vehicle
- Date of the donation
- Record of any goods or services provided by the charity in return for your vehicle and description of each good or service and its value, or a statement that no goods or services were received, or a statement that the only goods and services received were intangible religious benefits

In general, if the organization sells the vehicle which you donated, your charitable deduction will be limited to the gross proceeds of the sale. In addition to the applicable list of information above, the contemporaneous written acknowledgement from the charity must contain:

- A statement by the charity that the vehicle was sold by the charity in an arm's length transaction (no conflicts of interest)
- Date of sale and the gross proceeds from that sale
- A statement informing you that your charitable deduction may not exceed the amount of gross proceeds

There are several exceptions to the gross proceeds limit which the charity can cite in the acknowledgement letter. If one of the exceptions applies to your situation, you may be able to take a charitable deduction for the vehicle's fair market value on the date of donation.

- If the charity plans to have significant intervening use of the vehicle, the acknowledgement should explain the intended use and expected duration, as well as certify that the vehicle will not be sold until the intended use is ended.
- If the charity intends to make material improvements to the donated vehicle, the planned improvements should be described in the acknowledgement, and again the organization should certify that the vehicle will not be sold until such improvements are completed.
- If the charity intends to give or sell the vehicle to a needy person for a price significantly less than fair market value, and that gift or discounted sale is within the organization's exempt purpose, the organization should include a statement to that effect in the acknowledgement. The needy person must actually receive the vehicle and not just the proceeds from a sale of the vehicle.
- If the vehicle was sold for \$500 or less, as long as all of the requirements are met for an acknowledgement for a contribution of \$500 or less, you may be allowed a charitable deduction for the lower of the fair market value on the date of donation or \$500.

For the acknowledgement to be considered timely, the charity must give it to you either within 30 days of the sale of the vehicle, or if one of the exceptions is applicable, within 30 days of the date the vehicle was donated.. The charity can provide a completed Form 1098-C, "Contributions of Motor Vehicles, Boats, and Airplanes instead of the written acknowledgement. Both Form 1098-C and Form 8283, Noncash Charitable Contributions must be attached to your tax return when filed.

If you're claiming more than \$5,000 as the value of your donated vehicle, your written acknowledgement must contain everything listed above and in addition to that:

- Completed Section B of Form 8283 must be completed and signed by someone authorized by the charity, and attached to your return when filed.
- If one of the exceptions applies, you will also need to have a written appraisal from a qualified appraiser completed no more than 60 days prior to the donation date.

**Will I get any kind of tax break with my donation?**

If you expect your donation to be tax deductible, you have to make sure the charity you're thinking of donating to is a qualified organization. Qualified organizations include 501(c)(3) public charities such as charitable, educational, or religious organizations. You can determine if an organization is qualified to receive tax deductible contributions by looking at IRS Publication 78, [which is available online at irs.gov](#).

Donating your vehicle can make a lot of economic sense for you or your family, in addition to the charitable benefits it provides.

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\*Please note that this whitepaper is a general summary of the law and omits many important details, footnotes and caveats. It is no substitute for informed advice from a tax professional based on your particular circumstances.

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