Abstract: There are virtually countless charitable organizations to which one might donate. No matter what is donated, the donor will need documentation in order to claim a tax deduction. This article provides five important points about substantiating donations.

5 things to know about substantiating donations

There are virtually countless charitable organizations to which you might donate. You may choose to give cash or to contribute noncash items such as stock, personal property or real estate. Whatever you donate, once you do the good deed, you owe it to yourself to claim a tax deduction (provided you itemize rather than taking the standard deduction).

One requirement is documentation. And precisely what you'll need depends on the type and value of your donation. Here are five things to know about substantiating charitable donations:

1. Cash contributions of less than $250 are the easiest to substantiate. A canceled check or credit card statement is sufficient. Alternatively, you can obtain a receipt from the recipient organization showing its name, as well as the date, place and amount of the contribution. Bear in mind that unsubstantiated contributions aren't deductible. So you must have a receipt or bank record.

2. Noncash donations of less than $250 require a bit more. You'll need a receipt from the charity. Plus, you typically must estimate a reasonable value for the donated item(s). Organizations that regularly accept noncash donations typically will provide you a form for doing so. Keep in mind that, for donations of clothing and household items to be deductible, the items generally must be in at least good condition.

3. Bigger cash donations mean more paperwork. If you donate $250 or more in cash, a canceled check or credit card statement won't be sufficient. You'll need a contemporaneous written acknowledgment from the recipient organization that meets IRS guidelines.

Among other things, a contemporaneous written acknowledgment must be received on or before the earlier of the date you file your return for the year in which you made the donation or the due date (including an extension) for filing the return. In addition, it must include a disclosure of whether the charity provided anything in exchange. If it did, the organization must provide a description and good-faith estimate of the exchanged item or service. You can deduct only the difference between the amount donated and the value of the item or service.

4. Noncash donations valued at $250 or more and up to $5,000 require still more. You must get a contemporaneous written acknowledgment plus written evidence that supports the item's acquisition date, cost and fair market value. The written acknowledgment also must include a description of the item.

5. Noncash donations valued at more than $5,000 are the most complicated. Generally, both a contemporaneous written acknowledgment and a qualified appraisal are required — unless the donation is publicly traded securities. In some cases additional requirements might apply, so be sure to contact your tax advisor if you've made or are planning to make a substantial noncash donation.