



A Message from Michael

Charitable Giving

Although a contribution may be motivated by humanitarian reasons, significant tax savings can be achieved by properly planning gifts to charity. Charitable giving can be divided into two general categories; small donations that are made on a regular basis and large extraordinary donations often associated with estate planning.

The IRS requires that contributions of \$250 or more must be substantiated in order to be deductible. The burden is placed on the donor to request written substantiation because a canceled check may not be sufficient to support a deduction.

Noncash contributions present a unique set of planning opportunities. There are special rules for the donation of cars, boats, and planes if the claimed value exceeds \$500. If you have appreciated assets, you may want to consider donating the asset rather than selling it and donating the proceeds. This method allows you to avoid the capital gains tax that results from selling the asset.

Large contributions require special tax planning preparation. You must carefully consider whether or not to make a contribution during your lifetime or at death. Thus, your income and prospective estate tax brackets must be considered. You should also be mindful of the income tax deduction limitations and the fact that there are no limitations for estate tax charitable contribution deductions.

Please don't hesitate to call us so we can assist with your charitable giving plans.

All the best,

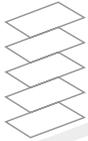
Michael Resnick
Tax Practice Group
Batchelor, Frechette, McCrory, Michael & Co.

THINGS TO KNOW

- Individuals who make charitable contributions should consider the deduction limitation rules.
- Generally, the amount that you may deduct in a tax year cannot exceed 50% of your adjusted gross income. (Fortunately, the amount in excess of the limitation can be carried forward five years.)
- Lower percentages apply when donations are made to certain donees and when the contribution consists of capital gain property.
- The value of services rendered to a charitable organization is not deductible as a contribution.



**The BFMM staff on
Casual Friday for a Cause,
raising funds for the
RI Community Food Bank.**



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MICHAEL & CO.

www.bfmmcpa.com

40 Westminster Street, Suite 600
Providence, RI 02903

Michael S. Resnick

Telephone: (800) 417-3280 x3023

E-mail: mresnick@bfmmcpa.com

Did you know?

1. A charitable deduction is not allowed to the extent that you receive a benefit for the contribution, such as admission to a charity ball, banquet, show, or sporting event. In such cases, payments qualify for the deduction only to the extent they exceed the fair market value of the privileges or other benefits received.
2. There are additional limitations and elections that must be considered when donating assets instead of cash, including the need for an appraisal.
3. With noncash contributions the deduction amount is for the fair market value of the asset at the time of the donation, regardless of your basis.
4. With written substantiation, the amount of a contribution is fully deductible whether it is paid by cash, check, or credit card.

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