

DONATING YOUR VEHICLES

According to federal law that went into effect on January 1, 2005, taxpayers can deduct **only** the proceeds the charity gets from the sale of the car. Donors must receive a written acknowledgement from the charity that includes the sale price of the vehicle. If the charity uses the car for a charitable purpose, such as a Goodwill wheels-to-work program, donors may deduct the fair market value of the vehicle, and must obtain written acknowledgement from the charity that states how the car will be used. The charity must provide you with written acknowledgement within 30 days of the sale of the car or, if the car is to be used for a charitable purpose, within 30 days of the donation.

If you are donating your car:

- Give to charities you know and trust.
- Find out which nonprofit organizations accept car donations, and whether or not the car has to be in working condition.
- Find out how your donation will be used and what percentage of the charity's revenues fund mission-based programs versus administrative costs. Goodwill Industries channels 83 percent of its revenues into its job training and career services.
- Ask if the charity uses a third party to sell the car and, if so, how much of your donation the charity keeps.
- Sign the title over to the charity or its agent. Do not leave the title blank under any circumstances: many illegitimate charities ask that the title be left blank, making you liable for the vehicle months after you donated it.
- If the charity will use your car rather than sell it, value your car based on the fair market value, taking into consideration your vehicle's condition. For guidance, use the "private party" or equivalent category in one of the accepted used car guides, such as the Kelley Blue Book, or consult with your tax advisor. The charity is not permitted to determine your vehicle's fair market value.
- Keep the records of how you valued your car, as well as photographs, maintenance records, and other evidence of its physical condition.

Related web sites

Find your local Goodwill Industries organization www.goodwill.org
Internal Revenue Service www.irs.gov
Kelley Blue Book www.kbb.com

Press Contact

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