

## What Nonprofits Need to Know About In-Kind Donations of Goods

Any in-kind donation of goods greater than \$500 requires the *donor* to include Form 8283 with his or her tax return. For in-kind donations **in excess of \$5,000** the *donee* (i.e. the nonprofit organization) **must** complete Part IV of Form 8283 after receiving the contribution. Part IV confirms that the property identified in Part I was in fact donated, as well as asking whether the organization intends to use the contribution for a purpose unrelated to the organization's work.

Because IRS rules limit certain contribution deductions--for example, if the donated property will be used for a purpose unrelated to the mission of the organization, or if the organization will sell/dispose the property within 3 years--the IRS mandates that the nonprofit organization disclose that information. If the contribution is subsequently sold within 3 years, the organization must then file form 8282 with the IRS and forward a copy to the original donor.

The responsibility of obtaining support for an income tax deduction for in-kind donations falls on the donor, not the nonprofit. However, it is important for nonprofits to work with their donors in determining the property's value in a timely fashion in order to maintain good relationships.

For more information, please contact your organization's auditor or tax advisor, and visit the links below.

### LINKS

Salvation Army's valuation guide:

<http://www.satruck.com/ValueGuide.aspx>

IRS Form 8283 and instructions

Form 8283 – <http://www.irs.gov/pub/irs-pdf/f8283.pdf>

Form 8283 Instructions – <http://www.irs.gov/pub/irs-pdf/i8283.pdf>

IRS Form 8282 and instructions

Form 8282 – <http://www.irs.gov/pub/irs-pdf/f8282.pdf>

Form 8282 instructions – Same as Form 8283

IRS Publication 561 (April 2007), Determining the Value of Donated Property

<http://www.irs.gov/publications/p561/index.html>

<http://www.irs.gov/pub/irs-pdf/p561.pdf>

IRS Publication 1771 (July 2005), Charitable Contributions Substantiation and Disclosure Requirements

<http://www.irs.gov/pub/irs-pdf/p1771.pdf>

IRS Publication 4302 (May 2006), A Charity's Guide to Car Donation

<http://www.irs.gov/pub/irs-pdf/p4302.pdf>

