

# Gifts that benefit you

The time factor of gift eligibility isn't the only misconception taxpayers have concerning donations. By IRS definition, charitable contributions represent gifts given without reciprocity. Supporting a charitable organization by buying merchandise or attending an event puts you into the got-something-in-return category.

- The price you pay for food, wrapping paper or magazines sold in fundraisers cannot be fully deducted; only the difference between your purchase price and fair market value qualifies.
- For example, paying \$10 for a roll of wrapping paper from a school group that carries an \$8 price tag in retail outlets gives you a \$2 deduction.
- Likewise, buying a \$50 ticket to a charitable event that includes a meal translates into a \$20 deduction after subtracting the \$30 you would have paid for that meal in a restaurant.
- In Atlanta Artists Center's case a donation to a cause that includes a membership extension translates into a deduction equal to an amount donated after subtracting the \$75 per year fee you would have paid for that membership.

Example: \$500 donation = 3 year extension  $\$500 - \$225 (3 \times \$75) = \$275$   
Deductible Amount = \$275

Contact your accountant or the IRS for further clarification