



Accutek Solutions
Doug Beecher, C.P.A.

51 North 1000 West, Suite 5
Hurricane, UT 84737
Tel: (435) 635-3684
Fax: (435) 635-5454
E-mail: dougbeecher@yahoo.com
Website: www.accuteksolutions.com

December 2002 - Holiday Financial Thoughts

The holiday season is my favorite time of year. People are a little nicer to each other, and we remember just how much we have to be thankful for. The decorations and the twinkling lights make our homes and communities sparkle. Occasionally the sounds of carolers fill the air, as do sweet aromas from delicious holiday treats. There is chill in the air that invites evenings filled with warm foods and drinks, fun conversations, thick blankets, and sitting just a little closer to each other. Cards and good wishes are exchanged with family and friends near and far, and it is wonderful to hear from everyone. Whatever our religious beliefs, it is a time to contemplate them, to ponder the blessings we have received throughout the year, and to contemplate how we can better share our time and talents to make life better for someone else. Each person has his or her own holiday thoughts and traditions, and it is heartwarming to share them with each other!

Of course, the focus of these monthly articles is your personal finance and tax matters. It is helpful to remember at least once each year that we strive to increase our capacity to earn so that we will have the resources to live a better life. The holiday season is a reminder of the attributes we truly value in our lives, many of which are more important than money. Charity is certainly one of these attributes.

In that spirit, I am going to point out some things about charity that will reduce your taxes. Some readers have told me they feel bad about claiming charitable contributions on their tax returns. I am going to revisit some information that I have previously written about in February 2000 and April 2001 in the hope the tax you save will make it possible for you to be even more charitable than you could have been otherwise!

- Individuals can deduct up to 50% and corporations can deduct up to 10% of their adjusted gross income in donations to charitable organizations recognized by the Internal Revenue Service. If in doubt, the organization can tell you if they have received IRS recognition of their charitable status. This can include donations to educational, historical, community improvement, religious, health, and similar groups.
- If you have unusually high income this year because you have sold property or made a large withdrawal from a retirement plan, one possible way to offset this taxable income is to take advantage of this generous 50% of income deduction. You can even arrange to do this by donating an appreciated asset, avoiding capital gains tax, commissions, and other costs of selling the asset, getting a great tax deduction, and the satisfaction of making a significant contribution to a cause that you believe in.
- New charitable organizations are being formed regularly. If you and some friends and associates wish to do something to benefit others in a unique way or in a specific location, you can form a charitable corporation or trust and get IRS recognition of it.
- Keep good records! If you do volunteer work and provide supplies or drive your car without reimbursement, these are deductible just like a cash contribution. A clasp envelope makes this easy —

just write the date, a brief description, and the amount of the supplies or miles driven on the outside of the envelope. Then put any associated receipt inside the envelope. When it is time to file your tax return, just total your entries on the outside of the envelope, and your receipts on the inside become your proof in case you are later selected for an audit.

- Multiply your miles by 14 cents to get a dollar value for charitable contributions. (It's not as generous as the 36.5 cents you get for business use, but it's still very helpful!)
- Donations in kind of used clothing, furniture, toys, etc. are much appreciated by charitable organizations that refurbish them and donate them or sell them at much reduced prices to those in need. Be sure to keep the receipts for these donations as well, as they are deductible at current market value. Up to \$5,000, you get to declare the reasonable value for these items. For larger donations, you will need an appraisal.
- Your contributions that exceed the 50% limit for the year are still useful. You can carry these forward to next year and deduct them at that time!

Thank you so much for all you do to make this holiday season and the whole year wonderful!

Important Note!

The information in this article is intended to inform you of some of the financial opportunities provided in the tax laws or elsewhere. It is not intended to give you specific advice for your personal situation. If you need such advice, please contact a qualified professional! Please call or e-mail me (doug@accuteksolutions.com) if you would like a free initial 30-minute consultation to discuss your personal situation and how the tax laws might benefit you. Questions you'd like to have answered in a future article are welcome!

© 2002, Doug Beecher, CPA, all rights reserved. This article, either as a whole or in part, may not be reproduced or transmitted in any form without the prior written permission of the copyright holder. When such permission is granted, the user must state that the material was used by permission of the copyright holder.