

FOCUS ON TAX PLANNING

IRS wants more documentation for charitable donations

By **JOHN ROSSI**

Special for Lehigh Valley Business

As a result of problems with people taking excessive deductions for charitable contributions, the rules for claiming a deduction are getting stricter.



Rossi

The Internal Revenue Service has strict rules about how to report and substantiate charitable contributions. If you don't follow the rules, the IRS may disallow your deduction.

Charitable contributions can be deducted by itemizing your deduction on Schedule A of Form 1040. If you do not itemize your deduction on Schedule A, you cannot deduct your charitable contributions.

Rules that became effective for contributions made in years beginning after Aug. 17, 2006, the donor must comply with the record-keeping requirements, including a canceled check, credit card statement, record of payroll deduction or a written acknowledgment from the charity as evidence of the contribution.

Written records prepared by the donor, such as check registers or personal notations, are not sufficient to substantiate a charitable contribution. The IRS does not allow you to put cash in the offering plate, with no substantiation, and take a charitable contribution deduction.

To assure that charitable deductions can hold up to IRS scrutiny, taxpayers need to pay attention when assembling charitable donation information for their tax returns.

LESS THAN \$250 DONATION

If you make a cash donation of less than \$250, a canceled check, credit card statement, record of payroll deduction or a receipt from the charity showing its name, the amount and date of the contribution is sufficient documentation.

It is important to get receipts and keep records for your charitable contribution donations. You must have documentation for cash, check or other charitable contribution. The IRS may disallow donations without substantiation.

Generally, you can deduct the fair market value of property you donate to qualified organizations. See Publication 561 for determining the value of charitable contribution.

MORE THAN \$250

For contributions more than \$250, including contributions of cash or property, you must obtain and have in your records a written acknowledgment from the charitable organization, indicating the amount of cash or a description of the property contributed.

To qualify, the written acknowledgment must be given to the donor – and this is the part that most are unaware of – no later than the date the donor files the tax return.

The courts have agreed with the IRS in disallowing the deduction when the taxpayer failed to obtain a written acknowledgment with the required information before the tax return was filed.

RECEIVE ANYTHING IN RETURN?

The written acknowledgment from the charity also must contain a statement stating whether or not any goods or services were given

in exchange for the gift.

And the acknowledgment must describe the goods or services and give an estimate of their value.

The charity doesn't have to report a low-cost item it gives to you.

RELIGIOUS DONATIONS

Religious organizations are permitted to provide an intangible religious benefit to the donor. An intangible religious benefit must be of a type

please see **IRS**, page 18



The Internal Revenue Service does not allow you to put cash in the offering plate, with no substantiation, and take a charitable contribution deduction.



Tax Planning & Preparation

Because you have more important things to do this time of year.



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Documents on file in Berks County government offices listed these recent real estate transactions. Information listed for each transaction lists the municipality, seller, buyer, address, parcel, date of sale and sale price. Unless otherwise noted, the property has a commercial use.

BERN TOWNSHIP

E.A. Osmolinski DMD PC bought 2642 Bernville Road from **Pandental Ltd.** for \$250,000. Parcel 27-4398-01-17-0436.

BETHEL TOWNSHIP

Singh & Kaur Inc. bought 321 Midway Road from **321 Midway Road Bethel LLC** for \$299,150. Parcel 30-4412-00-33--83-3938.

CUMRU TOWNSHIP

Manz Properties LLC bought property on Philadelphia Avenue from **East Pointe LLC** for \$285,000. Parcel 39-5315-02-66-4589.

EXETER TOWNSHIP

Mario S. Bolivar bought 3204 Perkiomen Ave. from **Shirley L. Blacker** for \$100,100. Parcel 43-5326-09-26-0585.

Joshua and **Vanessa Phillips** bought 811 Shelbourne Road from **Guiseppi Filippini Inc.** for \$20,000. Parcel 43-5336-13-13-7819 (subdivided).

William and **Madalin O'Brien** bought 811 Shelbourne Road from **Guiseppi Filippini Inc.** for \$18,000. Parcel 43-5336-13-13-7819 (subdivided).

Brian and **Michelle Miskovitz** bought 811 Shelbourne Road from **Guiseppi Filippini Inc.** for \$45,000. Parcel 43-5336-13-13-7819 (subdivided).

HAMBURG

BLM Holdings 2016 LLC bought 145 Schuylkill Ave. from **David D.** and **Bernadette Braunsberg** and **Robert C.** and **Robin G. Reber** for \$230,000. Parcel 46-4484-08-99-5839.

Jonathan and **Janet Lee Gesicki** bought 152 N. Apple St. from **Michael J. Kufro** for \$113,500. Parcel 46-4495-17-00-4919.

Marlin K. and **Melissa Stoltzfus** bought 201 S. Third St. from **Glenn A.** and **Kathleen Reed** for



PHOTO/TERRY SCOTT REED

This largely vacant strip mall at 2548 Perkiomen Ave. in Mount Penn was sold for \$1.925 million. The buyer was 402 Carlisle Realty LLC, and the seller was 222 Associates.

\$200,000. Parcel 46-4494-05-18-1637.

HEREFORD TOWNSHIP

Hereford Estates LP bought property on Chestnut Street from **Mary Louisa** and **Donald J. Neilson** for \$516,000. Parcel 52-6411-03-14-3748.

Scott Horner bought properties at 1829 New Holland Road from **Luke J. Turgeon** for \$190,000. Parcels 54-5305-10-27-7320-C04 and 54-5305-10-27-7320-C05.

KUTZTOWN

328 Sander Alley LLC bought 300 Sander Alley from **Donald L., Debra L., Robert C.** and **Donna Ziegler** for \$350,000. Parcel 55-5443-12-86-0458.

LONGSWAMP TOWNSHIP

Kenneth Church Jr. bought 641 State St. from **Karen L. Weldon** for \$160,000. Parcel 59-5473-14-43-3462.

LOWER ALSACE TOWNSHIP

A & A Salvatore LLC bought 900 Byram St. from **Judith Frazier** for \$90,000. Parcel 23-5327-18-21-7973.

MOUNT PENN

402 Carlisle Realty LLC bought 2548 Perkiomen Ave. from **222 Associates** for \$1.925 million. Parcel 64-5316-12-97-6435.

MUHLENBERG TOWNSHIP

RH Omni LLC bought 501 Madison Ave.

from **Mabel A. Loose** and **Cheryl L. Buser** for \$160,000. Parcel 66-5308-15-74-2653.

Berks 61 LLC bought 4030 Pottsville Pike from **Masano Corp.** for \$875,000. Parcel 66-5309-18-42-9407.

Reading Blue Mountain and Northern Railroad Co. LLC bought 3525 Pottsville Pike from **3525 Pottsville Pike LLC** for \$525,000. Parcel 66-5308-07-58-7615.

OLEY TOWNSHIP

Parker Property Management LLC bought 1064 Memorial Highway from **David R. Kessler** for \$560,000. Parcel 67-5348-07-59-0357.

READING

Luis E. Castillo bought 408 Market Alley from **Rodney** and **Jaqueline Auman** for \$16,500. Parcel 01-5306-35-87-2819.

Port National Investment Group LLC bought 1250 and 1260 Hill Road from **City Park Realty Inc.** for \$225,000. Parcels 16-5316-22-29-3832 and 16-5316-22-29-4817.

Tamika Bynoe bought 15 S. 10th St. from **Federal National Mortgage Association** for \$15,300. Parcel 03-5316-21-09-6959.

Anad Samuel and **Nesha Khalma** bought 956 Chestnut St. from **Yanxi** and **Jianchun Gao** for \$68,500. Parcel 02-5316-21-08-5929.

Rene Laborde Sr. bought 362R N. 11th St. from **Regina Gruber** for \$105,000. Parcel 09-5317-69-12-0423.

Maria A. Salvini and **Facundo Calli** bought 812 and 814 N. Eighth St. from **Rigoberto Henriquez** for \$8,000. Parcels 12-5307-60-

94-4795 and 12-5307-60-94-5706.

Parul Khanna bought 1001 N. 11th St. from **Maria N. Reyes** for \$118,000. Parcel 13-5317-45-15-1795.

Zintak Properties LLC bought 1852 Perkiomen Ave. from **Russlin Enterprises LLC** for \$135,000. Parcel 16-5316-33-57-4880.

Rafael Rodriguez bought 412R Moss St. from **David R. Seip** for \$7,000. Parcel 11-5317-61-02-1693.

Jose Abreu bought 516 N. Ninth St. from **Ngoc** and **Johnson Tran** for \$18,000. Parcel 11-5307-68-93-9136.

ROBESONIA

Hartman Realty LLC bought 116 E. Penn Ave. from **Jeffrey D. Deysher** and **Michael C. Hartman** for \$75,000. Parcel 74-4357-13-04-5758.

Robesonia Redware bought 40 W. Penn Ave. from **Colleen Hoch** and **Jomarie Wartluft** for \$75,000. Parcel 74-4347-12-95-6143.

RUSCOMBMANOR TOWNSHIP

State Street Products Co. Ltd. bought 20 Breezy Park Road from **Bullrushes Ltd.** for \$1.3 million. Parcel 76-5420-04-80-2168.

SOUTH HEIDELBERG TOWNSHIP

Perfetto Garrison LLC bought property on Ceramist Drive from **LNT Forino Properties LP** for \$320,000. Parcel 51-4376-01-45-0414.

SPRING TOWNSHIP

Jonathon M. Mashburn bought 2510 Penn Ave. from **Stanley** and **Marie Blimline** for \$101,000. Parcel 80-4386-12-86-4541.

WEST READING

Glenn L. and **Bonita Hyndman** bought 424 Penn Ave. from **Richard H.** and **Linda M. Gehris** for \$295,000. Parcel 93-5307-18-20-5097.

WYOMISSING

Riverfront Federal Credit Union bought 2001 Museum Road from **Blue Ball National Bank** for \$875,000. Parcel 96-4395-06-49-8481-C02.

COMPILED BY THOMAS RANCE

BANKRUPTCIES

The following Schuylkill County business bankruptcy was filed in U.S. Court:

Business: Remond Remodeling Co. Inc.

Case number: 5:16-bk-03860-JJT.

Judge: J.J. Thomas.

Date filed: Sept. 19, 2006.

Type of bankruptcy: Chapter 11.

Court location: Wilkes-Barre.

COMPILED BY TERRY SCOTT REED

The Bankruptcies section provides news obtained from public records, which can be used as business leads. Here is a quick explanation. If you have questions, please email Brian Pedersen at brianp@lvb.com.

BANKRUPTCIES

These include Chapter 7, 11 and 13 business-related filings. Creditors, vendors and suppliers may find these useful. Chapter 7 is liquidation and usually indicates a desire to terminate a business. Chapter 11 is reorganization and provides the opportunity to restructure finances and remain in business. Chapter 13 is for those with a regular income who cannot pay their debts.

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that generally cannot be sold in a commercial transaction.

If you make a contribution to an organization and receive something in return, you may still be able to get a deduction. However, your deduction is limited to the excess of what you gave over the value of what you received.

For additional help in claiming a deduction on significant charitable donations, consult a Certified Public Accountant or attorney.

John D. Rossi III is a business leader, lecturer, accountant and financial planner with more than 30 years of business and academic experience. An associate professor of accounting at Moravian College in Bethlehem, he is president of JR3 Virtuoso Solutions Inc., specializing in financial reporting, taxation, professional training and consulting services. He can be reached at jdrossi3@verizon.net.

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