

What Are the IRS Rules on Donating Clothing and Furniture to Get a Charitable Deduction?

The IRS allows taxpayers with a charitable inclination to take a deduction for a wide range of donated items. However, the IRS does provide specific guidelines for those taxpayers contributing non-cash items, from the type of charity you can donate to in order to take a deduction to the quality of the goods you contribute and how to value them for deduction purposes. If your summer cleaning has led you to set aside clothes and other items for charity, and you would like to know how to value these items for tax purposes, read on.

Household items that can be donated to charity, and for which a deduction is allowed, include:

- Furniture;
- Furnishings;
- Electronics;
- Appliances;
- Linens;
- Similar items

The following are *not* considered household items for charitable deduction purposes:

- Food;
- Paintings, antiques, and other art objects;
- Jewelry;
- Collections

Valuing clothing and household items

Many people give clothing, household goods and other items they no longer need to charity. If you contribute property to a qualified organization, the amount of your charitable contribution is generally the fair market value (FMV) of the property at the time of the contribution. However, if the property has increased in value since you purchased it, you may have to make some adjustments to the amount of your deduction.

You can not deduct donations of used clothing and used household goods unless you can prove the items are in "good," or better, condition; and in the case of equipment, working. *However, the IRS has not specifically set out what qualifies as "good" condition.*

Fair market value is the amount that the item could be sold for now; what you originally paid for the clothing or household item is completely irrelevant. For example, if you paid \$500 for a sofa that would only get you \$50 at a yard sale, your deduction for charitable donation purposes is \$50 (the sofa's current FMV). You cannot claim a deduction for the difference in the price you paid for the item and its current FMV.

To determine the FMV of used clothing, you should generally claim as the value the price that a buyer of used clothes would pay at a thrift shop or consignment store.

In the rare event that the household item (or items) you are donating to charity has actually increased in value, you will need to make adjustments to the value of the item in order to calculate the correct deductible amount. You may have to reduce the FMV of the item by the amount of appreciation (increase in value) when calculating your deduction.

Good faith estimate

All non-cash donations require a receipt from the charitable organization to which they are donated, **and it is your responsibility as the taxpayer, not the charity's**, to make a good faith estimate of the item's (or items') FMV at the time of donation. The emphasis on valuation should be on "good faith." The IRS recognizes some abuse in this area, yet needs to balance its public ire with its duty to encourage legitimate donations. While the audit rate on charitable deductions is not high, it also is not uncommon. You must be prepared with reasonable estimates for used clothing and household goods, high enough so as not to shortchange yourself, yet low enough to prevent an IRS auditor from threatening a penalty.

In any event, if the FMV of any item is more than \$5,000, you will need to obtain an appraisal by a qualified appraiser to accompany your tax form (which is Form 8283, Noncash Charitable Contributions). When dealing with valuables, an appraisal helps protect you as well as the IRS.

If you have questions about the types of items that you can donate to charity, limits on deductibility, or other general inquiries about charitable donations and deductions, [please contact our office.](#)

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