

December 2018 TaxInsight



Charitable Planning

In 2017, Americans donated over \$410 billion to charity. As 2018 closes, you may be considering your charitable giving. You can deduct charitable gifts of cash and property, plus deduct your charitable mileage (14¢ per mile). To be deductible, the contributions must go to a qualified organization. Contributions to individuals are never deductible.

If you aren't sure whether an organization is qualified, you can check at www.irs.gov/eoselectcheck. You must keep a receipt for any cash contribution. If a cash gift is \$250 or more, you must receive an acknowledgement from the organization. If you give noncash contributions, the reporting requirements differ based on the amount of the gifts.

In prior years, you could deduct up to half of your income. Beginning in 2018, this limit increases to 60%. If you donate property that has decreased in value, your deduction is limited to the fair market value of the property. If the property value has increased, it becomes a more complex determination. Come see me for help in calculating your charitable deduction.

Now that the standard deduction has increased, some taxpayers may not get a deduction for contributing to charity. One way that you can maximize your giving while minimizing your taxes is by doubling up in one year. For example, Anna is single and usually gives \$5,000 in charitable gifts at the end of the year. In 2017, her itemized deductions were \$10,000. If nothing else changes, she would not have enough in deductions to justify itemizing, so she loses the tax benefit of her charitable contributions. If, instead she defers her charitable gift to January 1, her 2019 itemized deductions would be \$15,000—enough to justify taking itemized deductions. Come see me if you think that charitable planning can help your tax situation.

Tax Notes

Taxpayers who have an Individual Taxpayer Identification Number (ITIN) must renew it periodically. An ITIN is issued if you do not have a Social Security Number (SSN) but are required to file a tax return. All ITINs not used on a federal tax return at least once in the last three years will expire on December 31, 2018. Additionally, all ITINs issued before 2013 with middle digits of 73, 74, 75, 76, 77, 81, or 82 (example: 9XX-73-XXXX) will also expire at the end of the year. If your ITIN is expiring and you plan on filing a tax return in 2019, the IRS recommends you submit a Form W-7, *Application for IRS Individual Taxpayer Identification Number*, now to renew your ITIN. You also have the option of renewing ITINs for your entire family at the same time. Family members include the tax filer, spouse and any dependents claimed on the tax return.

Important Tax Dates

- December 31 – Last day to make charitable contributions for 2018
- January 15 – Fourth quarter estimated taxes due
- January 31 – Due date for information forms

Did You Know?

NORAD started tracking Santa Claus on Christmas Eve back in 1955 when an incorrect phone number listed in a local Sears and Roebuck ad invited kids to call Santa. Instead of connecting to Sears, the call went to a secret air defense emergency number. USAF Colonel Harry Shoup answered the first few calls, then assigned a detail to answer children's phone calls throughout the night and report on Santa's location. From then on, Santa has been tracked by the USAF.

Quote Corner

"I have discovered in life that there are ways of getting almost anywhere you want to go, if you really want to go."

~ Langston Hughes