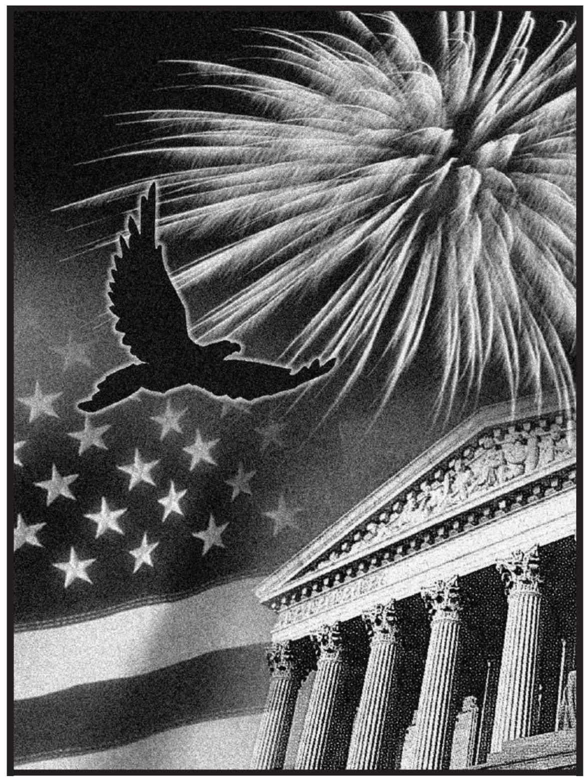
Publication 526

Charitable Contributions

For use in preparing **2023** Returns

Volume 2 of 3



Get forms and other information faster and easier at:

- ***IRS.gov*** (English)
- ***IRS.gov/Spanish*** (Español)
- ***IRS.gov/Chinese*** (中文)
- ***IRS.gov/Korean*** (한국어)
- ***IRS.gov/Russian*** (Русский)
- ***IRS.gov/Vietnamese*** (Tiếng Việt)

Publication 526 (Rev. 2023) Catalog Number 39336F
Department of the Treasury **Internal Revenue Service** www.irs.gov

Visit the Accessibility
Page on IRS.gov

This page is intentionally left blank

Recapture of deduction. You must recapture your charitable contribution deduction by including it in your income if both of the following statements are true.

1. You contributed a fractional interest in tangible personal property after August 17, 2006.
2. You don't contribute the rest of your interests in the property to the original recipient or, if it no longer exists, another qualified organization on or before the earlier of:
   a. The date that is 10 years after the date of the initial contribution, or
   b. The date of your death.

Recapture is also required if the qualified organization hasn't taken substantial physical possession of the property and used it in a way related to the organization's purpose during the period beginning on the date of the initial contribution and ending on the earlier of:

1. The date that is 10 years after the date of the initial contribution, or
2. The date of your death.

Additional tax. If you must recapture your deduction, you must also pay interest and an additional tax equal to 10% of the amount recaptured.

Qualified Conservation Contribution

A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization to be used only for conservation purposes.

Qualified organization. For purposes of a qualified conservation contribution, a qualified organization is:

- A governmental unit;
- A publicly supported charity; or

- An organization controlled by, and operated for the exclusive benefit of, a governmental unit or a publicly supported charity.

The organization must also have the resources to monitor and enforce the conservation easement or other conservation restrictions. To enable the organization to do this, it must have documents such as maps and photographs that establish the condition of the property at the time of donation.

A publicly supported charity is an organization of the type described in (1) under *Types of Qualified Organizations*, earlier, that normally receives a substantial part of its support, other than income from its exempt activities, from direct or indirect contributions from the general public or from governmental units.

Qualified real property interest. This is any of the following interests in real property.

1. Your entire interest in real estate other than a mineral interest (subsurface oil, gas, or other minerals, and the right of access to these minerals).
2. A remainder interest.
3. A restriction (granted in perpetuity) on the use that may be made of the real property, such as a conservation easement.

Conservation purposes. Your contribution must be made only for one of the following conservation purposes.

- Preserving land areas for outdoor recreation by, or for the education of, the general public.
- Protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem.
- Preserving open space, including farmland and forest land, if it yields a significant

public benefit. The open space must be preserved either for the scenic enjoyment of the general public or under a clearly defined federal, state, or local governmental conservation policy.

- Preserving a historically important land area or a certified historic structure.

Certified historic structures. A certified historic structure is a building that is listed individually in the National Register of Historic Places (National Register building) or a building that is located in a registered historic district and has been certified by the Secretary of the Interior as contributing to the historic significance of that district (historically significant building). If the individual listing in the National Register of Historic Places consists of a more than one building (e.g., a house, a garage, a mill complex, etc.), the Secretary of the Interior may have to certify which of the multiple buildings qualify as certified historic structures.

A registered historic district is any district listed in the National Register of Historic Places. A state or local historic district may also qualify as a registered historic district if the district and the enabling structures are certified by the Secretary of the Interior. You can claim a deduction for a qualified conservation contribution of a historically significant building. This contribution can take the form of a qualified real property interest that is an easement or other restriction on all or part of the exterior or interior of the building. You can claim a deduction for a qualified conservation contribution of a historically significant building. This contribution can take the form of a contribution of a qualified real property interest that is an easement or other restriction on all or part of the interior of the building. However, you cannot claim a deduction for a contribution of a qualified real property interest that is an easement or other restriction on the exterior of the building unless the easement or other restriction meets all of the following conditions:

1. The restriction must preserve the entire exterior of the building (including its front, sides, rear, and height) and must prohibit any change to the exterior of the building that is inconsistent with its historical character.

2. You and the organization receiving the contribution must enter into a written agreement certifying, under penalty of perjury, that the organization:

   a. Is a qualified organization with a purpose of environmental protection, land conservation, open space preservation, or historic preservation; and

b. Has the resources to manage and enforce the restriction and a commitment to do so.

3. You must include with your return:

   a. Form 8283, completed as specified in the instructions to Form 8283;

   b. A signed *Qualified appraisal*, performed by a *Qualified appraiser*;

   c. Photographs of the building's entire exterior;

   d. A description of all restrictions on development of the building, such as zoning laws and restrictive covenants; and

   e. The National Park Service project number (NPS #), if applicable. See the Form 8283 instructions for more information.

If you claim a deduction of more than $10,000 and donated an exterior restriction on a National Register building or historic district building, your deduction won't be allowed unless you pay a $500 filing fee. See Form 8283-V, Payment Voucher for Filing Fee Under Section 170(f)(13), and its instructions.

If you claimed the rehabilitation credit for a National Register building or historically significant building for any of the 5 years before the year of the qualified conservation contribution, your charitable deduction is reduced. For more information, see Form 3468, Investment Credit, and Internal Revenue Code section 170(f)(14). For more information on how an NPS # applies to a certified historic structure, see *Easements on certified historic structures*, in the *instructions* for Form 8283.

Disallowance of deductions for certain conservation contributions by pass-

through entities. Subject to three exceptions, if you are a member of a pass-through entity (such as a partner in a partnership or a shareholder in an S corporation) and the amount of a qualified conservation contribution by the pass-through entity exceeds 2.5 times the sum of each member’s relevant basis, the contribution is not treated as a qualified conservation contribution and no one may claim a deduction for the contribution. Thus, your charitable conservation contribution deduction is disallowed.

The pass-through entity must determine each member’s relevant basis. Relevant basis is, with respect to any member, the portion of the member’s modified basis in its interest in the pass-through entity which is allocable to the portion of the real property with respect to which the qualified conservation contribution is made. Modified basis is, with respect to any member, the adjusted basis in the member’s interest in the pass-through entity as determined:

1. immediately before the qualified conservation contribution;
2. without regard to the member’s share of any liabilities of the pass-through entity; and
3. by the pass-through entity after taking into account the adjustments described in items (1) and (2).

Exceptions. As before mentioned, there are three exceptions to this disallowance.

Exception 1—Contribution outside three-year period. This disallowance does not apply if the qualified conservation contribution is made at least three years after the latest of:

1. the last date on which the pass-through entity acquired any portion of the real property;

2. the last date any members of the pass-through entity acquired any interest in the pass-through entity; and

3. if the interest in the donating pass-through entity is held through one or more pass-through entities:

   a. the last date any such pass-through entity acquired any interest in any other such pass-through entity, and

   b. the last date on which any member in any such pass-through entity acquired any interest in such pass-through entity.

Exception 2—Family partnership. This disallowance does not apply to a qualified conservation contribution made by a family pass-through entity. Family pass-through entities are pass-through entities in which substantially all of the interests are held, directly or indirectly, by an individual and members of the family of such individual. For these purposes, members of the family are defined as the spouse of such individual and any individual described in Internal Revenue Code section 152(d)(2)(A)–(G).

Exception 3—Historic structure. This disallowance does not apply if the purpose of the qualified conservation contribution is the preservation of a certified historic structure. See *Certified historic structures*, earlier.

More information. For information about determining the FMV of qualified conservation contributions, see Pub. 561 and the instructions for Form 8283. For information about the limits that apply to deductions for this type of contribution, see *Limits on Deductions*, later. For more information about qualified conservation contributions, see Regulations section 1.170A-14.

Future Interest in Tangible Personal Property

You can't deduct the value of a charitable contribution of a future interest in tangible personal property until all intervening interests in and rights to the actual possession or enjoyment of the property have either expired or been turned over to someone other than yourself, a related person, or a related organization. But see *Fractional Interest in Tangible Personal Property*, earlier, and *Tangible personal property put to unrelated use*, later.

Related persons include your spouse, children, grandchildren, sibling(s), and parents. Related organizations may include a partnership or corporation in which you have an interest, or an estate or trust with which you have a connection.

Tangible personal property. This is any property, other than land or buildings, that can be seen or touched. It includes furniture, books, jewelry, paintings, and cars.

Future interest. This is any interest that is to begin at some future time, regardless of whether it is designated as a future interest under state law.

Example. You own an antique car that you contribute to a museum. You give up ownership, but retain the right to keep the car in your garage with your personal collection. Because you keep an interest in the property, you can't deduct the contribution. If you turn the car over to the museum in a later year, giving up all rights to its use, possession, and enjoyment, you can take a deduction for the contribution in that later year.

Inventory

If you contribute inventory (property you sell in the course of your business), the amount you can deduct is the smaller of its FMV on the day you contributed it or its basis. The basis of contributed inventory is any cost incurred for the inventory in an earlier year that you would otherwise include in your opening inventory for the year of the contribution. You must remove the amount of your charitable contribution deduction from your opening inventory. It isn't part of the cost of goods sold.

If the cost of donated inventory isn't included in your opening inventory, the inventory's basis is zero and you can't claim a charitable contribution deduction. Treat the inventory's cost as you would ordinarily treat it under your method of accounting. For example, include the purchase price of inventory bought and donated in the same year in the cost of goods sold for that year.

A special rule applies to certain donations of food inventory. See *Food Inventory*, later.

Patents and Other Intellectual Property

If you donate intellectual property to a qualified organization, your deduction is limited to the basis of the property or the FMV of the property, whichever is smaller. Intellectual property means any of the following.

- Patents.
- Copyrights (other than a copyright described in Internal Revenue Code sections 1221(a)(3) or 1231(b)(1)(C)).
- Trademarks.
- Trade names.
- Trade secrets.
- Know-how.
- Software (other than software described in Internal Revenue Code section 197(e)(3)(A)(i)).

- Other similar property or applications or registrations of such property.

Additional deduction based on income. You may be able to claim additional charitable contribution deductions in the year of the contribution and years following, based on the income, if any, from the donated property.

The following table shows the percentage of income from the property that you can deduct for each of your tax years ending on or after the date of the contribution. In the table, “tax year 1,” for example, means your first tax year ending on or after the date of the contribution. However, you can take the additional deduction only to the extent the total of the amounts figured using this table is more than the amount of the deduction claimed for the original donation of the property.

After the legal life of the intellectual property ends, or after the 10th anniversary of the donation, whichever is earlier, no additional deduction is allowed.

The additional deductions can't be taken for intellectual property donated to certain private foundations.

Tax year	Deductible percentage
1	100%
2	100%
3	90%
4	80%
5	70%
6	60%
7	50%
8	40%

9	30%
10	20%
11	10%
12	10%

Reporting requirements. You must inform the organization at the time of the donation that you intend to treat the donation as a contribution subject to the provisions just discussed.

The organization is required to file an information return showing the income from the property, with a copy to you. This is done on Form 8899, Notice of Income From Donated Intellectual Property.

Determining FMV

This section discusses general guidelines for determining the FMV of various types of donated property. Pub. 561 contains a more complete discussion.

FMV is the price at which property would change hands between a willing buyer and a willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.

Used clothing. The FMV of used clothing and other personal items is usually far less than the price you paid for them. There are no fixed formulas or methods for finding the value of items of clothing.

You should claim as the value the price that buyers of used items actually pay in used clothing stores, such as consignment or thrift shops.

Also see *Clothing and Household Items*, earlier.

Example. You donated a coat to a thrift store operated by a place of worship. You paid $300 for the coat 3 years ago. Similar coats in the thrift store sell for $50. The FMV of the coat is $50. Your donation is limited to $50.

Household items. The FMV of used household items, such as furniture, appliances, and linens, is usually much lower than the price paid when new. These items may have little or no market value because they are in a worn condition, out of style, or no longer useful. For these reasons, formulas (such as using a percentage of the cost to buy a new replacement item) aren't acceptable in determining value.

You should support your valuation with photographs, canceled checks, receipts from your purchase of the items, or other evidence. Magazine or newspaper articles and photographs that describe the items and statements by the recipients of the items are also useful. Don't include any of this evidence with your tax return.

If the property is valuable because it is old or unique, see the discussion under *Paintings,* *Antiques, and Other Objects of Art* in Pub. 561.

Also see *Clothing and Household Items*, earlier.

Article of clothing or household item over $500 not in good used condition. Form 8283, Section B, must be completed and the Form 8283 attached to the tax return if you are contributing a single article of clothing or household item over $500 that is not in good used condition. See the Form 8283 instructions for more information.

Cars, boats, and airplanes. If you contribute a car, boat, or airplane to a qualified organization, you must determine its FMV.

Qualified vehicle donation. You don't need a written appraisal for a qualified vehicle — such as a car, boat, or airplane — if your deduction for the qualified vehicle is limited to the gross proceeds from its sale and you obtained a *contemporaneous written acknowledgment (CWA)*, defined later. If you donate a qualified vehicle with a claimed value of more than $500, you can't claim a deduction unless you attach to Form 8283 a copy of the CWA you received from the donee organization. See *Qualified Vehicle Donations* in the Instructions for Form 8283.

Boats. Except for small, inexpensive boats, the valuation of boats should be based on an appraisal by a marine surveyor or appraiser because the physical condition is critical to the value.

Cars. Certain commercial firms and trade organizations publish used car pricing guides, commonly called "blue books," containing complete dealer sale prices or dealer average prices for recent model years. The guides may be published monthly or seasonally, and for different regions of the country. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices aren't “official” and these publications aren't considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available from public libraries, or from the loan officer at a bank, credit union, or finance company. You can also find used car pricing information on the Internet.

To find the FMV of a donated car, use the price listed in a used car guide for a private party sale, not the dealer retail value. However, the FMV may be less if the car has engine trouble, body damage, high mileage, or any type of excessive wear. The FMV of a donated car is the same as the price listed in a used car guide for a private party sale only if the guide lists a sales price for a car that is the same make, model, and year, sold in the same area, in the same condition, with the same or similar options or accessories, and with the same or similar warranties as the donated car.

Example. You donate a used car in poor condition to a local high school for use by students studying car repair. A used car guide shows the dealer retail value for this type of car in poor condition is $1,600. However, the guide shows the price for a private party sale of the car is only $750. The FMV of the car is considered to be $750.

Large quantities. If you contribute a large number of the same item, FMV is the price at which comparable numbers of the item are being sold.

Example. You purchase 500 copies of a religious book for $1,000. The person who sells them to you says the retail value of these books is $3,000. If you contribute the books to a qualified organization, you can claim a deduction only for the price at which similar numbers of the same books are currently being sold. Your charitable contribution is $1,000, unless you can show that similar numbers of that book were selling at a different price at the time of the contribution.

Giving Property That Has Decreased in Value

If you contribute property with an FMV that is less than your basis in it, your deduction is limited to its FMV. You can't claim a deduction for the difference between the property's basis and its FMV.

Your basis in property is generally what you paid for it. If you need more information about basis, see Pub. 551, Basis of Assets. You may want to see Pub. 551 if you contribute property that you:

- Received as a gift or inheritance;

- Used in a trade, business, or activity conducted for profit; or
- Claimed a casualty loss deduction for.

Common examples of property that decrease in value include clothing, furniture, appliances, and cars.

Giving Property That Has Increased in Value

If you contribute property with an FMV that is more than your basis in it, you may have to reduce the FMV by the amount of appreciation (increase in value) when you figure your deduction.

Your basis in property is generally what you paid for it. If you need more information about basis, see Pub. 551.

Different rules apply to figuring your deduction, depending on whether the property is:

- Ordinary income property, or

- Capital gain property.

Ordinary Income Property

Property is ordinary income property if you would have recognized ordinary income or short-term capital gain had you sold it at FMV on the date it was contributed. Examples of ordinary income property are inventory, works of art created by the donor, manuscripts prepared by the donor, and capital assets (defined later, under *Capital Gain Property*) held 1 year or less.

Property used in a trade or business. Property used in a trade or business is considered ordinary income property to the extent of any gain that would have been treated as ordinary income because of depreciation had the property been sold at its FMV at the time of contribution. See chapter 3 of Pub. 544, Sales and Other Dispositions of Assets, for the kinds of property to which this rule applies.

Amount of deduction. The amount you can deduct for a contribution of ordinary income property is its FMV minus the amount that would be ordinary income or short-term capital gain if you sold the property for its FMV. Generally, this rule limits the deduction to your basis in the property.

Example. You donate stock you held for 5 months to your synagogue. The FMV of the stock on the day you donate it is $1,000, but you paid only $800 (your basis). Because the $200 of appreciation would be short-term capital gain if you sold the stock, your deduction is limited to $800 (FMV minus the appreciation).

Exception. Don't reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. See *Ordinary or capital gain income included in gross income* under *Capital Gain Property* next, if you need more information.

Capital Gain Property

Property is capital gain property if you would have recognized long-term capital gain had you sold it at FMV on the date of the contribution. Capital gain property includes capital assets held more than 1 year.

Capital assets. Capital assets include most items of property you own and use for personal purposes or investment. Examples of capital assets are stocks, bonds, jewelry, coin or stamp collections, and cars or furniture used for personal purposes.

For purposes of figuring your charitable contribution, capital assets also include certain real property and depreciable property used in your trade or business and, generally, held more than 1 year. You may, however, have to treat this property as partly ordinary income property and partly capital gain property. See *Property used in a trade or business* under *Ordinary Income Property*, earlier.

Real property. Real property is land and generally anything built on, growing on, or attached to land.

Depreciable property. Depreciable property is property used in business or held for the production of income and for which a depreciation deduction is allowed.

For more information about what is a capital asset, see chapter 2 of Pub. 544.

Amount of deduction—General rule. When figuring your deduction for a contribution of capital gain property, you can generally use the FMV of the property.

Exceptions. However, in certain situations, you must reduce the FMV by any amount that would have been long-term capital gain if you had sold the property for its FMV. Generally, this means reducing the FMV to the property's cost or other basis. You must do this if:

1. The property (other than qualified appreciated stock) is contributed to

certain private nonoperating foundations,

2. You choose the 50% limit instead of the 30% limit for capital gain property given to 50% limit organizations, discussed later,

3. The contributed property is intellectual property (as defined earlier under *Patents and Other Intellectual Property*),

4. The contributed property is certain taxidermy property, as explained earlier, or

5. The contributed property is tangible personal property (defined earlier) that:

    a. Is put to an unrelated use (defined later) by the charity, or

    b. Has a claimed value of more than $5,000 and is sold, traded, or otherwise disposed of by the qualified organization during the year in which you made the contribution, and the qualified organization hasn't made the required certification of exempt use (such as on Form 8282, Donee Information Return, Part IV). See also *Re- capture if no exempt use*, later.

Contributions to private nonoperating foundations. The reduced deduction applies to contributions to all private nonoperating foundations other than those qualifying for the 50% limit, discussed later.

However, the reduced deduction doesn't apply to contributions of qualified appreciated stock. Qualified appreciated stock is any stock in a corporation that is capital gain property and for which market quotations are readily available on an established securities market on the day of the contribution. But stock in a corporation doesn't count as qualified appreciated stock to the extent you and your family contributed more than 10% of the value of all the outstanding stock in the corporation.

Tangible personal property put to unrelated use. Tangible personal property is defined earlier under *Future Interest in Tangible Personal Property*.

Unrelated use. The term “unrelated use” means a use unrelated to the exempt purpose or function of the qualified organization. For a governmental unit, it means the use of the contributed property for other than exclusively public purposes.

Example. If a painting contributed to an educational institution is used by that organization for educational purposes by being placed in its library for display and study by art students, the use isn't an unrelated use. But if the painting is sold and the proceeds are used by the organization for educational purposes, the use is an unrelated use.

Deduction limited. Your deduction for a contribution of tangible personal property may be limited. See (5) under *Exceptions*, earlier.

Recapture if no exempt use. You must recapture part of your charitable contribution deduction by including it in your income if all the following statements are true.

1. You donate tangible personal property with a claimed value of more than $5,000, and your deduction is more than your basis in the property.
2. The organization sells, trades, or otherwise disposes of the property after the year it was contributed but within 3 years of the contribution.
3. The organization doesn't provide a written statement (such as on Form 8282, Part IV), signed by an officer of

the organization under penalty of perjury, that either:

a. Certifies its use of the property was substantial and related to the organization's purpose, or

b. Certifies its intended use of the property became impossible.

If all the preceding statements are true, include in your income:

1. The deduction you claimed for the property, minus

2. Your basis in the property when you made the contribution.

Include this amount in your income for the year the qualified organization disposes of the property. Report the recaptured amount on Schedule 1 (Form 1040), line 8z.

Ordinary or capital gain income included in gross income. You don't reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. This may happen when you transfer installment or discount obligations or when you assign income to a qualified organization. If you contribute an obligation received in a sale of property that is reported under the installment method, see Pub. 537, Installment Sales.

Example. You donate an installment note to a qualified organization. The note has an FMV of $10,000 and a basis to you of $7,000. As a result of the donation, you have a short-term capital gain of $3,000 ($10,000 − $7,000), which you include in your income for the year. Your charitable contribution is $10,000.

Food Inventory

Special rules apply to certain donations of food inventory to a qualified organization. These rules apply if all the following conditions are met.

1. You made a contribution of apparently wholesome food from your trade or business. Apparently wholesome food is food intended for human consumption that meets all quality and labeling standards imposed by federal, state, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions.
2. The food is to be used only for the care of the ill, the needy, or infants.
3. The use of the food is related to the organization's exempt purpose or function.
4. The organization doesn't transfer the food for money, other property, or services.

5. You receive a written statement from the organization stating it will comply with requirements (2), (3), and (4).

6. The organization isn't a private nonoperating foundation.

7. The food satisfies any applicable requirements of the Federal Food, Drug, and Cosmetic Act and regulations on the date of transfer and for the previous 180 days.

If all the conditions just described are met, use the following worksheet to figure your deduction.

Worksheet 1.
Donations of Food Inventory
See separate *Worksheet instructions*.
(Keep for your records)

1.	Enter FMV of the donated food	________
2.	Enter basis of the donated food	________

3. Subtract line 2 from line 1. If the result is zero or less, stop here. Don't complete the rest of this worksheet. Your charitable contribution deduction for food is the amount on line 1 . . . . ________

4. Enter one-half of line 3 . . . . ________

5. Subtract line 4 from line 1 . . . . ________

6. Multiply line 2 by 2.0 . . . . ________

7. Subtract line 6 from line 5. If the result is less than zero, enter -0- . . . . ________

8. Add lines 4 and 7 . . . . ________

9. Compare line 3 and line 8. Enter the smaller amount . . . . ________

10. Subtract line 9 from line 1 . . . . ________

11.	Enter 15% of your total net income for the year from all trades or businesses from which food inventory was donated	______
12.	Compare line 10 and line 11. Enter the smaller amount. This is your charitable contribution deduction for the food	______

Worksheet instructions. When determining the FMV to enter on line 1 of the worksheet, take into account the price at which the same or substantially the same food items (as to both type and quality) were sold by you at the time of the contribution. Don't reduce this amount because the food wasn't or couldn't be sold by reason of your internal standards, lack of market, or similar circumstances. Also, don't reduce this amount even though you produced the food exclusively for the purpose of transferring the food to a qualified organization.

If you don’t account for inventories under section 471 and you aren’t required to capitalize indirect costs under section 263A, you may elect, solely for the purpose of line 2 of the worksheet, to treat the basis of any apparently wholesome food as being equal to 25% of the FMV of such food.

Enter on line 11 of the worksheet, 15% of your net income for the year from all sole proprietorships, S corporations, or partnerships (or other entity that isn't a C corporation) from which contributions of food inventory were made. Figure net income before any deduction for a charitable contribution of food inventory.

If you made more than one contribution of food inventory, complete a separate worksheet for each contribution. Complete lines 11 and 12 on only one worksheet. On that worksheet, complete line 11. Then compare line 11 and the total of the line 10 amounts on all worksheets and enter the smaller of those amounts on line 12.

If line 11 is smaller than line 10, you can carry over the excess as a qualifying food inventory contribution to the following year. You may be able to include the excess in your charitable contribution deduction for the food in each of the next 5 years in order of time until it is used up, but not beyond that time.

More information. See *Inventory*, earlier, for information about determining the basis of donated inventory and the effect on cost of goods sold. For additional details, see section 170(e)(3) of the Internal Revenue Code.

Bargain Sales

A bargain sale of property is a sale or exchange for less than the property's FMV. A bargain sale to a qualified organization is partly a charitable contribution and partly a sale or exchange.

Part that is a sale or exchange. The part of the bargain sale that is a sale or exchange may result in a taxable gain. For more information on figuring the amount of any taxable gain, see *Bargain sales to charity* in chapter 1 of Pub. 544.

Part that is a charitable contribution. Figure the amount of your charitable contribution in three steps.

Step 1. Subtract the amount you received for the property from the property's FMV at the time of sale. This gives you the FMV of the contributed part.

Step 2. Find the adjusted basis of the contributed part. It equals:

$$\text{Adjusted basis of entire property} \times \frac{\text{Fair market value of contributed part}}{\text{Fair market value of entire property}}$$

Step 3. Determine whether the amount of your charitable contribution is the FMV of the contributed part (which you found in *Step 1*) or the adjusted basis of the contributed part (which you found in *Step 2*). Generally, if the property sold was capital gain property, your charitable contribution is the FMV of the contributed part. If it was ordinary income property, your charitable contribution is the adjusted basis of the contributed part. See *Ordinary Income Property* and *Capital Gain Property*, both earlier, for more information.

Example. You sell ordinary income property with an FMV of $10,000 to a mosque for $2,000. Your basis is $4,000 and your AGI is $20,000. You make no other contributions during the year. The FMV of the contributed part of the property is $8,000 ($10,000 − $2,000). The adjusted basis of the contributed part is $3,200 ($4,000 × ($8,000 ÷ $10,000)). Because the property is ordinary income property, your charitable deduction is limited to the adjusted basis of the contributed part. You can deduct $3,200.

Penalty

You may be liable for a penalty if you overstate the value or adjusted basis of contributed property.

20% penalty. The penalty is 20% of the amount by which you underpaid your tax because of the overstatement, if:

1. The value or adjusted basis claimed on your return is 150% or more of the correct amount, and
2. You underpaid your tax by more than $5,000 because of the overstatement.

40% penalty. The penalty is 40%, rather than 20%, if:

1. The value or adjusted basis claimed on your return is 200% or more of the correct amount, and

2. You underpaid your tax by more than $5,000 because of the overstatement.

When To Deduct

You can deduct your contributions only in the year you actually make them in cash or other property (or in a later carryover year, as explained under *How To Figure Your Deduction When Limits Apply*, later). This applies whether you use the cash or an accrual method of accounting.

Time of making contribution. Usually, you make a contribution at the time of its unconditional delivery.

Checks. A check you mail to a charity is considered delivered on the date you mail it.

Text message. Contributions made by text message are deductible in the year you send the text message if the contribution is charged to your telephone or wireless account.

Credit card. Contributions charged on your bank credit card are deductible in the year you make the charge.

Pay-by-phone account. Contributions made through a pay-by-phone account are considered delivered on the date the financial institution pays the amount. This date should be shown on the statement the financial institution sends you.

Stock certificate. A properly endorsed stock certificate is considered delivered on the date of mailing or other delivery to the charity or to the charity's agent. However, if you give a stock certificate to your agent or to the issuing corporation for transfer to the name of the charity, your contribution isn't delivered until the date the stock is transferred on the books of the corporation.

Promissory note. If you issue and deliver a promissory note to a charity as a contribution, it isn't a contribution until you make the note payments.

Option. If you grant a charity an option to buy real property at a bargain price, it isn't a contribution until the charity exercises the option.

Borrowed funds. If you contribute borrowed funds, you can deduct the contribution in the year you deliver the funds to the charity, regardless of when you repay the loan.

Conditional gift. If your contribution depends on a future act or event to become effective, you can't take a deduction unless there is only a negligible chance the act or event won't take place.

If your contribution would be undone by a later act or event, you can't take a deduction unless there is only a negligible chance the act or event will take place.

Example 1. You contribute cash to a local school board, which is a political subdivision of a state, to help build a school gym. The school board will refund the money to you if it doesn't collect enough to build the gym. You can't deduct your contribution until there is no chance (or only a negligible chance) of a refund.

Example 2. You donate land to a city for as long as the city uses it for a public park. The city plans to use the land for a park, and there is no chance (or only a negligible chance) of the land being used for any different purpose. You can deduct your charitable contribution in the year you make the contribution.

Limits on Deductions

TIP *If your total contributions for the year are 20% or less of your AGI, you don't need to read the rest of this section. The remaining limits discussed in this section don't apply to you.*

The amount you can deduct for charitable contributions is generally limited to no more than 60% of your AGI. Your deduction may be further limited to 50%, 30%, or 20% of your AGI, depending on the type of property you give and

the type of organization you give it to. Starting with tax year 2022, your deduction for cash contributions is limited to 60% of your AGI minus your deductions for all other contributions. These limits are described in detail in this section.

Your AGI is the amount on Form 1040, line 11.

If your contributions are more than any of the limits that apply, see *Carryovers* under *How To Figure Your Deduction When Limits Apply*, later.

Out-of-pocket expenses. Amounts you spend performing services for a charitable organization may be deductible as a contribution to a qualified organization. If so, your deduction is subject to the limit applicable to donations to that organization.

For example, the 30% limit applies to amounts you spend on behalf of a private nonoperating foundation.

Types of Qualified Organizations

For the purpose of applying the deduction limits to your charitable contributions, qualified organizations can be divided into two categories.

First category of qualified organizations (50% limit organizations). The first category includes only the following types of qualified organizations. (These organizations are also sometimes referred to as “50% limit organizations.”)

1. Churches and conventions or associations of churches.

2. Educational organizations with a regular faculty and curriculum that normally have a regularly enrolled student body attending classes on site.

3. Hospitals and certain medical research organizations associated with these hospitals.

4. Organizations that are operated only to receive, hold, invest, and administer property and to make expenditures to or for the benefit of state and municipal colleges and universities and that normally receive substantial support from the United States or any state or their political subdivisions, or from the general public.

5. The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions.

6. Publicly supported charities, defined earlier under *Qualified Conservation Contribution*.

7. Organizations that may not qualify as “publicly supported” but that meet other tests showing they respond to the needs of the general public, not a limited number of donors or other persons. They must normally receive more than one-third of their support either from organizations described in (1) through (6), or from persons other than “disqualified persons.”

8. Most organizations operated or controlled by, and operated for the benefit of, those organizations described in (1) through (7).

9. Private operating foundations.

10. Private nonoperating foundations that make qualifying distributions of 100% of contributions within $2\frac{1}{2}$ months

following the year they receive the contribution. A deduction for charitable contributions to any of these private nonoperating foundations must be supported by evidence from the foundation confirming it made the qualifying distributions timely. Attach a copy of this supporting data to your tax return.

11. A private foundation whose contributions are pooled into a common fund, if the foundation would be described in (8) but for the right of substantial contributors to name the public charities that receive contributions from the fund. The foundation must distribute the common fund's income within $2\frac{1}{2}$ months following the tax year in which it was realized and must distribute the corpus not later than 1 year after the donor's death (or after the death of the

donor's surviving spouse if the spouse can name the recipients of the corpus).

You can ask any organization whether it is a 50% limit organization, and most will be able to tell you. Also see *How to check whether an organization can receive deductible charitable contributions*, earlier.

Second category of qualified organizations. The second category includes any type of qualified organization that isn’t in the first category.

Limits

The limit that applies to a contribution depends on the type of property you give and which category of qualified organization you give it to. The amount of a contribution you can deduct is generally limited to a percentage of your AGI, but may be further reduced if you make contributions that are subject to more than one of the limits discussed in this section.

Your total deduction of charitable contributions can’t exceed your AGI. If your contributions are subject to more than one of the limits, you include all or part of each contribution in a certain order, carrying over any excess to a subsequent year (if allowed). See *How To Figure Your Deduction When Limits Apply* and *Carry-overs*, later, for more information about ordering and carryovers.

Limit based on 100% of AGI

Qualified conservation contributions of farmers and ranchers. If you are a qualified farmer or rancher, your deduction for a qualified conservation contribution (QCC) is limited to 100% of your AGI minus your deduction for all other charitable contributions. However, if the donated property is used in agriculture or livestock production (or is available for such production), the contribution must be subject to a restriction that the property remain available for such production. If not, the limit is 50%. For more information about applying the 50% limit to a QCC, see *Qualified conservation contributions*, later, under Limits based on 50% of AGI.

Qualified farmer or rancher. You are a qualified farmer or rancher if your gross income from the trade or business of farming is more than 50% of your gross income for the year.

Limit based on 60% of AGI

If you make cash contributions during the year to an organization described earlier under *First category of qualified organizations (50% limit organizations)*, your deduction for the cash contributions is 60% of your AGI. See *Cash Contributions* for what is included in cash contributions.

This 60% limit doesn't apply to noncash charitable contributions. See *Noncash* *contributions to 50% limit organizations*, later, if you contribute something other than cash to a 50% limit organization.

Example 1. You gave your temple a $200 cash contribution. The limit based on 60% of AGI will apply to the cash contribution to the temple because it is an organization described earlier under *First category of qualified organizations (50% limit organizations)* and because the contribution was cash.

Example 2. You donated clothing to your synagogue with an FMV of $200. The limit based on 60% of AGI doesn't apply because the contribution is not cash. Instead, a limit based on 50% of AGI discussed later will apply to the contribution to the synagogue because it is an organization described earlier under *First category of qualified organizations (50% limit organizations)*.

"For the use of" contribution exception. A 30% limit applies to cash contributions that are "for the use of" the qualified organizations instead of “to” the qualified organization. A contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement. See *Contributions to the second category of qualified organizations or “for the use of” any qualified organization*, later, under *Limits based on 30% of AGI*, for more information.

Limits based on 50% of AGI

There are two 50% limits that may apply to your contributions.

Noncash contributions to 50% limit organizations. If you make noncash contributions to organizations described earlier under *First cate- gory of qualified organizations (50% limit organizations)*, your deduction for the noncash contributions is limited to 50% of your AGI minus your cash contributions subject to the 60% limit.

Capital gain property exception. A 30% limit applies to noncash contributions of capital gain property if you figure your deduction using FMV without reduction for appreciation. See *Certain capital gain property contributions to 50% limit organizations*, later, under *Limits based on 30% of AGI*, for more information.

"For the use of" contribution exception. A 20% or 30% limit applies to noncash contributions that are "for the use of" the qualified organization instead of "to" the qualified organization. A contribution is "for the use of" a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement. If the noncash contribution is capital gain property, see *Limit based on 20% of AGI*, later, for more information; otherwise, see *Contributions to the second category of qualified organizations or "for the use of" any* *qualified organization*, later, under *Limits based on 30% of AGI*, for more information.

Qualified conservation contributions. Your deduction for qualified conservation contributions (QCCs) is limited to 50% of your AGI minus your deduction for all other charitable contributions.

TIP *If you are a farmer or rancher, go to Qualified conservation contributions of farmers or ranchers, earlier, under Limits based on 100% of AGI, to see if that limit applies to your QCC instead.*

Limits Based on 30% of AGI

These are two 30% limits that may apply to your contributions. The 30% limit for capital gain property contributions to a 50% limit organization is separate from the 30% limit that applies to your other contributions. Both are separately reduced by contributions made to a 50% limit organization, but the amount allowed after applying one of the 30% limits doesn't reduce the amount allowed after applying the other 30% limit. However, as a result of applying the separate limits, the total contributions subject to a 30% limit will never be more than 50% of your AGI.

Example. Your AGI is $50,000. During the year, you gave capital gain property with an FMV of $15,000 to an organization described earlier under *First category of qualified organizations (50% limit organizations)*. You don’t choose to reduce the property’s FMV by its appreciation in value. You also gave $10,000 cash to a qualified organization that is described earlier under *Second category of qualified organizations* (meaning it isn’t a 50% limit organization). The $15,000 contribution of capital gain property is subject to one 30% limit and the $10,000 cash contribution is subject to the other 30% limit. The $10,000 cash contribution is fully deductible because the contribution is not more than the smaller of (i) 30% of your AGI

($15,000) and (ii) 50% of your AGI minus all contributions to a 50% limit organization ($25,000−$15,000 = $10,000). The $15,000 is also fully deductible because the contribution is not more than 30% of your AGI minus all contributions to a 50% limit organization subject to the 60% or 50% limit (other than qualified conservation contributions) ($25,000−$10,000 = $15,000). Neither amount is reduced by the other, so the total deductible contribution is $25,000 (which is also not more than 50% of your AGI).

Contributions to the second category of qualified organizations or "for the use of" any qualified organization. If you make cash contributions or noncash contributions (other than capital gain property) during the year (1) to an organization described earlier under *Second category of qualified organizations*, or (2) "for the use of" any qualified organization, your deduction for those contributions is limited to 30% of your AGI, or if less, 50% of your AGI minus all your contributions to 50% limit organizations (other than contributions subject to a 100% limit or qualified conservation contributions). For this purpose, contributions to 50% limit organizations include all capital gain property contributions to a 50% limit organization (other than qualified conservation contributions), even those that are subject to the 30% limit, discussed later.

A contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

If you make a contribution of capital gain property to an organization other than a 50% limit organization or “for the use of” any qualified organization, see *Limit based on 20% of AGI*, later.

Student living with you. Deductible amounts you spend on behalf of a student living with you are subject to this 30% limit. These amounts are considered a contribution for the use of a qualified organization. See *Expenses Paid for Student Living With You*, earlier, for more information.

Certain capital gain property contributions to 50% limit organizations. Your noncash contributions of capital gain property to 50% limit organizations is limited to 30% of your AGI minus all your contributions to 50% limit organizations that are subject to the 60% and 50% limits (other than qualified conservation contributions). The limit that applies to capital gain property contributions to 50% limit organizations doesn’t apply to qualified conservation contributions. If you are making a qualified conservation contribution (QCC), see *Qualified conservation contributions* and *Qualified conservation contributions of* *farmers and ranchers*, earlier, for the limits to apply to a QCC.

Election to apply the 50% limit. You may choose the 50% limit for contributions of capital gain property to organizations described earlier under *First category of qualified organizations (50% limit organizations)* instead of the 30% limit that would otherwise apply. See *Capital gain property election*, later, under *How To Figure Your Deduction When Limits Apply*, for more information about making this election and how to adjust the amount of your contribution.

Limit Based on 20% of AGI

If you make noncash contributions of capital gain property during the year (1) to an organization described earlier under *Second category of qualified organizations*, or (2) “for the use of” any qualified organization, your deduction for those contributions is limited to

20% of your AGI or, if less, the smallest of the following.

1. 30% of your AGI minus all your contributions that are subject to a limit based on 30% of AGI.
2. 30% of your AGI minus all your capital gain contributions that are subject to the limit based on 30% of AGI.
3. 50% of your AGI minus all contributions subject to the limits based on 60%, 50%, and 30% of AGI (other than qualified conservation contributions).

A contribution is "for the use of" a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

How To Figure Your Deduction When Limits Apply

If your contributions are subject to more than one of the limits discussed earlier, use the following steps to figure the amount of your contributions that you can deduct.

1. Cash contributions subject to the limit based on 60% of AGI. Deduct the contributions that don't exceed 60% of your AGI.
2. Noncash contributions (other than qualified conservation contributions) subject to the limit based on 50% of AGI. Deduct the contributions that don’t exceed 50% of your AGI minus your cash contributions to a 50% limit organization.
3. Cash and noncash contributions (other than capital gain property) subject to the limit based on 30% of AGI. Deduct

the contributions that don’t exceed the smaller of:

a. 30% of your AGI, or

b. 50% of your AGI minus your contributions to a 50% limit organization (other than qualified conservation contributions), including capital gain property subject to the limit based on 30% of AGI.

4. Contributions of capital gain property subject to the limit based on 30% of AGI. Deduct the contributions that don’t exceed the smaller of:

a. 30% of your AGI, or

b. 50% of your AGI minus your contributions subject to the limits based on 60% or 50% of AGI (other than qualified conservation contributions).

5. Contributions of capital gain property subject to the limit based on 20% of AGI. Deduct the contributions that don’t exceed the smaller of:

    a. 20% of your AGI,

    b. 30% of your AGI minus your contributions of capital gain property subject to the limit based on 30% of AGI,

    c. 30% of your AGI minus your other contributions subject to the limit based on 30% of AGI, or

    d. 50% of your AGI minus your contributions subject to the limits based on 60%, 50%, and 30% of AGI (other than qualified conservation contributions).

6. Qualified conservation contributions subject to the limit based on 50% of AGI. Deduct the contributions that don’t exceed 50% of your AGI minus

any deductible contributions figured in (1) through (5).

7. Qualified conservation contributions of farmers and ranchers subject to the limit based on 100% of AGI. Deduct the contributions that don't exceed 100% of your AGI minus any deductible contributions figured in (1) through (6).

8. Carryovers of qualified contributions for relief efforts in a qualified disaster area subject to the limit based on 60% of AGI. Deduct the carryover contributions that don't exceed 60% of your AGI minus all your other deductible contributions.

These steps are incorporated into Worksheet 2.

Example. Your AGI is $50,000. In March, you gave your place of worship $2,000 cash and land with an FMV of $28,000 and a basis of $22,000. You held the land for investment purposes for more than 1 year. You don't make the capital gain property election for this year. See *Capital gain property election*, later. Therefore, the amount of your charitable contribution for the land would be its FMV of $28,000. You also gave $5,000 cash to a private nonoperating foundation to which the 30% limit applies.

The $2,000 cash donated to the your place of worship is considered first and is fully deductible. Your contribution to the private nonoperating foundation is considered next. Because the total of your cash contribution of $2,000 and your capital gain property of $28,000 to a 50% limit organization ($30,000) is more than $25,000 (50% of $50,000), your contribution to the private nonoperating foundation isn't deductible for the year. It can be carried over to later years. See *Carryovers*, later. The contribution of land is considered next. Your deduction for the land is limited to $15,000 (30% × $50,000). The unused part of the contribution ($13,000) can be carried over. For this year, your deduction is limited to $17,000 ($2,000 + $15,000).

Capital gain property election. You may choose the 50% limit for contributions of capital gain property to qualified organizations described earlier under *First category of qualified organizations (50% limit organizations)* instead of the 30% limit that would otherwise apply. If you make this choice, you must reduce the FMV of the property contributed by the appreciation in value that would have been long-term capital gain if the property had been sold.

This choice applies to all capital gain property contributed to 50% limit organizations during a tax year. It also applies to carryovers of this kind of contribution from an earlier tax year.

For details, see *Carryover of capital gain property*, later.

You must make the choice on your original return or on an amended return filed by the due date for filing the original return.

Example. In the previous example, if you choose to have the 50% limit apply to the land (the 30% capital gain property) given to your place of worship, you must reduce the FMV of the property by the appreciation in value. Therefore, the amount of your charitable contribution for the land would be its basis to you of $22,000. You add this amount to the $2,000 cash contributed to the place of worship. You can now deduct $1,000 of the amount donated to the private nonoperating foundation because the total of your contributions of cash ($2,000) and capital gain property ($22,000) to 50% limit organizations is $1,000 less than the limit based on 50% of AGI. Your total deduction for the year is $25,000 ($2,000 cash to your place of worship, $22,000 for property donated to your place of worship, and $1,000 cash to the private nonoperating foundation). You can carry over to later years the part of your contribution to the private nonoperating foundation that you couldn't deduct ($4,000).

Instructions for Worksheet 2

You can use Worksheet 2 if you made charitable contributions during the year, and one or more of the limits described in this publication under *Limits on Deductions* apply to you. You can't use this worksheet if you have a carryover of a charitable contribution from an earlier year. If you have a carryover from an earlier year, see *Carryovers*, later.

The following list gives instructions for completing the worksheet.

- The terms used in the worksheet are explained earlier in this publication.
- If the result on any line is less than zero, enter zero.

- For contributions of property, enter the property's FMV unless you elected (or were required) to reduce the FMV as explained under *Giving Property That Has Increased in Value*. In that case, enter the reduced amount.

Worksheet 2. Applying the Deduction Limits

Caution: Don't use this worksheet to figure the contributions you can deduct this year if you have a carryover of a charitable contribution from an earlier year.

Step 1. Enter any qualified conservation contributions (QCCs) made during the year.			
1. If you are a qualified farmer or rancher, enter any QCCs subject to the limit based on 100% of AGI		1	
2. Enter any QCCs not entered on line 1		2	
Step 2. Enter your other charitable contributions made during the year.			
3. Reserved for future use			
4. Enter your contributions of capital gain property "for the use of" any qualified organization		4	
5. Enter your other contributions "for the use of" any qualified organization. Don't include any contributions you entered on a previous line		5	
6. Enter your contributions of capital gain property to qualified organizations that aren't 50% limit organizations. Don't include any contributions you entered on a previous line		6	
7. Enter your other contributions to qualified organizations that aren't 50% limit organizations. Don't include any contributions you entered on a previous line		7	
8. Enter your contributions of capital gain property to 50% limit organizations deducted at FMV. Don't include any contributions you entered on a previous line		8	
9. Enter your noncash contributions to 50% limit organizations other than capital gain property you deducted at FMV. Be sure to include contributions of capital gain property to 50% limit organizations if you reduced the property's FMV. Don't include any contributions you entered on a previous line		9	
10. Enter your cash contributions to 50% limit organizations. Don't include any contributions you entered on a previous line		10	
Step 3. Figure your deduction for the year (if any result is zero or less, enter -0-)			
11. Enter your AGI		11	
Cash contributions subject to the limit based on 60% of AGI (If line 10 is zero, enter -0- on lines 12 through 14.)			
12. Multiply line 11 by 0.6	12		
13. **Deductible amount.** Enter the smaller of line 10 or line 12	13		
14. Carryover. Subtract line 13 from line 10	14		
Noncash contributions subject to the limit based on 50% of AGI (If line 9 is zero, enter -0- on lines 15 through 18.)			
15. Multiply line 11 by 0.5	15		
16. Subtract line 13 from line 15	16		
17. **Deductible amount.** Enter the smaller of line 9 or line 16	17		
18. Carryover. Subtract line 17 from line 9	18		
Contributions (other than capital gain property) subject to limit based on 30% of AGI (If lines 5 and 7 are both zero, enter -0- on lines 19 through 25.)			
19. Multiply line 11 by 0.5	19		
20. Add lines 8, 9, and 10	20		
21. Subtract line 20 from line 19	21		
22. Multiply line 11 by 0.3	22		
23. Add lines 5 and 7	23		
24. **Deductible amount.** Enter the smallest of line 21, 22, or 23	24		
25. Carryover. Subtract line 24 from line 23	25		
Contributions of capital gain property subject to limit based on 30% of AGI (If line 8 is zero, enter -0- on lines 26 through 31.)			
26. Multiply line 11 by 0.5	26		
27. Add lines 9 and 10	27		
28. Subtract line 27 from line 26	28		
29. Multiply line 11 by 0.3	29		
30. **Deductible amount.** Enter the smallest of line 8, 28, or 29	30		
31. Carryover. Subtract line 30 from line 8	31		
Contributions subject to the limit based on 20% of AGI (If lines 4 and 6 are both zero, enter -0- on lines 32 through 41.)			
32. Multiply line 11 by 0.5	32		
33. Add lines 13, 17, 24, and 30	33		
34. Subtract line 33 from line 32	34		
35. Multiply line 11 by 0.3	35		
36. Subtract line 24 from line 35	36		
37. Subtract line 30 from line 35	37		
38. Multiply line 11 by 0.2	38		
39. Add lines 4 and 6	39		
40. **Deductible amount.** Enter the smallest of line 34, 36, 37, 38, or 39	40		
41. Carryover. Subtract line 40 from line 39	41		
QCCs subject to limit based on 50% of AGI (If line 2 is zero, enter -0- on lines 42 through 46.)			
42. Multiply line 11 by 0.5	42		
43. Add lines 13, 17, 24, 30, and 40	43		
44. Subtract line 43 from line 42	44		
45. **Deductible amount.** Enter the smaller of line 2 or line 44	45		
46. Carryover. Subtract line 45 from line 2	46		

Note: Worksheet 2 continues on the next page.

	QCCs subject to limit based on 100% of AGI (If line 1 is zero, enter -0- on lines 47 through 51.)			
47.	Enter the amount from line 11	47		
48.	Add lines 13, 17, 24, 30, 40, and 45	48		
49.	Subtract line 48 from line 47	49		
50.	**Deductible amount.** Enter the smaller of line 1 or line 49	50		
51.	Carryover. Subtract line 50 from line 1	51		
	Deduction for the year			
52.	Add lines 13, 17, 24, 30, 40, 45, and 50. Enter the total here and include the deductible amounts on Schedule A (Form 1040), line 11 or line 12, whichever is appropriate.	52		

Note. Any amounts in the carryover column are not deductible this year but can be carried over to next year. See *Carryovers*, later, for more information about how you will use them next year.