

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroom

Public Contact: 800.829.1040

New Publications Focus on Car Donations

IR-2004-84, June 29, 2004

WASHINGTON – Internal Revenue Service officials today announced the release of two new publications dealing with car donations as part of an effort to help taxpayers avoid potential pitfalls when they donate automobiles to charities.

The first publication, Publication 4302, “A Charity’s Guide to Car Donations,” addresses issues that charities need to know to properly operate car donation programs. The second publication, Publication 4303, “A Donor’s Guide to Car Donations,” is focused on individuals who make such donations.

“We want people and the charities to make sure they are taking the proper steps involving vehicle donations,” said IRS Commissioner Mark W. Everson. “Supporting charitable activities through tax deductible contributions is an important element of tax law and serves the national interest. But we encourage people to proceed carefully when donating vehicles. There are instances where the donations may provide little benefit to the charity.”

For a taxpayer, the appeal of a car donation is simple: Unload an old car, help a worthy cause and take advantage of tax provisions designed to support the generosity of Americans. Taxpayers who itemize their deductions may be able to claim a charitable contribution for the cars they donate to charity. The deduction may not exceed the fair market value of the car.

In recent years, the number of car donation programs has increased dramatically. This growth, however, has taken place without taxpayers and charities always understanding their obligations under tax law.

Both publications were written in conjunction with state charity officials, as part of an ongoing effort by state and federal officials to work together to educate taxpayers and charities.

Publication 4302, “A Charity’s Guide to Car Donations,” provides descriptions of several different car donation programs, filing and disclosure requirements for charities operating these programs and related information. Included among the description of vehicle donation programs is an example of an arrangement that would fail to preserve the deductibility of a contribution.

Publication 4303, "A Donor's Guide to Car Donations," reminds taxpayer that they need to make sure they are donating their vehicle to a qualified organization, receive a written acknowledgement from the charity, keep records and properly assess the fair market value of their vehicle.

Both publications are intended to assist individual taxpayers and those operating car donation programs to comply with tax law. Both publications are available at IRS.gov.

-30-

