

Alert: Tax Law Changes Diminish Write-Offs of Vehicle Donations Jan. 1

Vehicle Donations Have Better Write-Off Before December 31, 2004, Reports Kelley Blue Book

A new tax law going into effect January 1, 2005 states that taxpayers will no longer be able to write-off a donated vehicle's Fair Market Value but rather the vehicle's actual sale price at wholesale auction, which is significantly less than Fair Market Value. The reason for the change is that government believes too many tax payers have over valued donated property, specifically vehicles.

To garner the highest deduction for a donated vehicle, consumers should consider donating their vehicle by the end of the year, before the law changes. Kelley Blue Book, the trusted resource for almost 80 years, has a check list and links to IRS documents to help taxpayers get the most from their donation and accurately determine a car's Fair Market Value. (www.kbb.com/donation)

1. **DONATE YOUR VEHICLE BEFORE DECEMBER 31, 2004.** Tax law changes Jan 1, 2005. To write-off the vehicle's Fair Market Value, donate your vehicle by December 31, 2004.
2. **DETERMINE THE FAIR MARKET VALUE OF YOUR VEHICLE.** The most accurate determination of Fair Market Value is Kelley Blue Book's PRIVATE PARTY Value and Condition Quiz. Do not use the Kelley Blue Book Used Retail Value. Do not use the value of a vehicle like yours from classifieds or pricing sites that don't make adjustments for mileage and condition. Assess 'your' car's exact mileage and condition to avoid an audit. Your vehicle's mileage and current condition can affect its value by thousands of dollars. Print the Condition Quiz and Value report for your tax return.
3. **MAKE SURE THE CHARITY IS A NAME YOU RECOGNIZE AND TRUST.** Be careful of 'sound-alike' charities. Just because you've heard an ad on the radio for a charity does not mean it is legitimate. Call the Better Business Bureau to determine if the charity you have chosen is a recognized organization.
4. **ASK HOW MUCH MONEY THE CHARITY RECEIVES.** According to a government report, more than \$34 million was donated in automobile revenue in 2000, however, only 32% of the gross revenue was returned to the charity. To work with charities that receive the maximum amount of return, visit www.auto-donation.com.
5. **SIGN THE TITLE OVER DIRECTLY TO THE CHARITY OR THEIR AGENT.** Don't leave the title blank under any circumstances. Many illegitimate charities ask that the title be left blank. This practice may leave you liable for the vehicle months after it has been donated.
6. **GET A RECEIPT.** When you make any non-cash contributions, you must get a receipt from the charitable organization including the name of the charity, their tax ID, date, location of the contribution. Keep the receipt to justify your deduction.

For more information and IRS tax forms visit www.kbb.com/donation.

SOURCE: Kelley Blue Book

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Web site: <http://www.auto-donation.com/>

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