

Attention: The IRS is Revising Publication 4303, *A Donor's Guide to Car Donations*

The IRS is in the process of revising Publication 4303 dated August 2004. This version does not include the tax law changes enacted under section 884 of the American Jobs Creation Act of 2004. If you donated your car to charity before January 1, 2005, or the value of your car is \$500 or less, use the information in this publication. If you donate your car after December 31, 2004, and the value or gross proceeds from the car's sale are more than \$500, see below for an explanation of the new rules.

New Rules for Certain Car Donations Made After December 31, 2004

If you donate a car to charity after December 31, 2004, and you are eligible to take a tax deduction in excess of \$500, your deduction is determined in one of two ways.

1. If the car is sold without any significant intervening use or material improvement by the charity, your deduction is limited to the amount of gross proceeds from its sale.
2. If the charity intends to make significant intervening use of or materially improve the car, you generally can deduct its fair market value.

You must get a contemporaneous written acknowledgement from the charity and attach it to your income tax return, Form 1040. If you do not have an acknowledgement, you cannot deduct your contribution. If the claimed value of the car is more than \$500, the acknowledgement must include:

- your name and taxpayer identification number,
- the vehicle identification number, and
 - a statement certifying that the car was sold in an arm's length transaction between unrelated parties, the gross proceeds received from the sale, and a statement that your deduction may not be more than the gross proceeds from the sale, **or**
 - if the charity intends a significant intervening use, a statement certifying the intended use, the duration of that use, and that the charity will not sell the car before completion of that use, **or**
 - if the charity intends to make a material improvement to the car, a statement certifying the intended material improvement and that the charity will not sell the car before completion of the improvement.

You must obtain the acknowledgment no later than 30 days after the date the charity sells the car, or 30 days from the date of the contribution if the charity intends to make significant intervening use of or materially improve the car.

For additional guidance, see Notice 2005-44 at www.irs.gov/eo.