

**NEW JERSEY DIVISION OF TAXATION
REGULATORY SERVICES BRANCH
TECHNICAL ADVISORY MEMORANDUM**

TAM - 2010- 5

ISSUED: 12-10-10

TAX: GROSS INCOME TAX

TOPIC: DONATING CARS TO CHARITIES

For Federal Income Tax purposes, a taxpayer can take an income tax deduction on Schedule A of Federal Form 1040 for donating a car to charity. To qualify for the deduction, the taxpayer generally checks out the charity to see if it qualifies for IRS 501(c)(3) status; estimates the value of the vehicle; and sees what his or her responsibilities are as a donor.

However, the New Jersey Gross Income Tax Act does not have provisions similar to the Federal Income Tax law regarding charitable deductions and the taxpayer may not take a deduction on any New Jersey Gross Income Tax return.

Therefore, donating a car to a charity is only a Federal Income tax issue; there is no tax benefit available for New Jersey purposes.

The Internal Revenue Service provides information for individuals who donate their vehicles in IRS Publication 4303, available at: <http://www.irs.gov/pub/irs-pdf/p4303.pdf>. Also, IRS Publication 78, *Cumulative List of Organizations described in Section 170(c) of the Internal Revenue Code of 1986*, is an online list of organizations eligible to receive tax-deductible charitable contributions and is available at: <http://www.irs.gov/app/pub-78/>.

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