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**WINTER 2006
CLIENT NEWSLETTER**

VALUING A DONATED VEHICLE

The IRS has recently published new rules on how much you can deduct and what documentation you must provide when donating a vehicle to a charitable organization.

Let's start with the amount you can deduct. In most cases the charity is going to sell the donated vehicle and the unfortunate fact is it usually sells quickly and at wholesale prices. If the organization sells it, you will usually have to use the sales price as the amount you can deduct as a charitable contribution.

There are instances, however, in which you may use the fair market value of the vehicle rather than the sales price:

- If the charity makes significant improvements to the vehicle prior to selling it.
- If the charity keeps it and uses it rather than selling it; or
- If the charity gives the vehicle to a needy person as part of the organization's charitable purposes.

The organization should provide you with an acknowledgment of the contribution indicating what it did with the vehicle and, if sold, the sales price. However, the organization will not give you the fair market value even if fair market value is the amount you will deduct on your return.

It will be your responsibility to determine fair market value. For values under \$5,000.00, you can use a pricing guide (such as Kelley Blue Book) but the IRS says that dealer retail value is not acceptable; you must use the value for a private party sale. For values of \$5,000.00 or more, you must get an appraisal.

These are just the basic requirements. If you are planning to donate a vehicle and have questions, call me to review the requirements and to determine the effect it will have on your taxes. If you've already donated the vehicle, be sure to keep the documentation as substantiation for the deduction. Your tax preparer will need to see the form and possibly attach it to a tax filing.

IDENTITY THEFT

There are THREE TYPES OF IDENTITY THEFT:

- **FINANCIAL:** Imposter uses your Social Security Number to establish new line of credit;
- **CRIMINAL:** Criminal gives your identity to law enforcement to avoid their criminal history. Now their criminal act is attached to your identity.

- **CLONING:** An imposter uses your identity to establish a new life. The criminal lives and works as you.

WAYS TO PREVENT IDENTITY THEFT:

- **CHECK YOUR CREDIT REPORTS** regularly. It only takes a few hours for a thief to open a new account in your name, that may take you months or years to fix.
- **REVIEW REGULARLY** your credit card statements.
- **WHEN SURFING THE INTERNET** make sure you are on a SECURED site when typing any personal information. Look for the small padlock at the bottom of the screen.
- **DO NOT** use sites that store your financial information online.
- **DO NOT** carry your SOCIAL SECURITY CARD with you.
- **IF YOU MAIL BILL PAYMENTS**, drop off the envelopes at the post office or secure mailbox.
- **DO NOT** write your full account number on your check when making a payment. **USE THE LAST 4 DIGITS OF THE ACCOUNT NUMBER ONLY.**
- **CROSS-CUT SHRED** all pages of mail that have your name, address, pre-approved credit references, or loan offers.
- **DO NOT** sign the back of your credit cards. Write in “REQUEST PHOTO ID”.
- **WHEN PAYING BY CREDIT CARD** hand your card to the cashier face down.

OPTING OUT

IF YOU RECEIVE “PRE-SCREENED OFFERS in the mail and would like to “opt out” of their receipt, you may call **1-888-5OPTOUT (1-888-567-8688)**. Calling this number will allow you to cancel receipt of those “pre-screened” offers from mailing lists provided by the three national credit bureaus.

MONETARY GIFTS

IF YOU RECEIVE A MONETARY GIFT FROM A FOREIGN PERSON, CORPORATION OR PARTNERSHIP you may have to report it to the IRS.

U.S. individuals are required to report any gift or inheritance of \$100,000 from an overseas individual or \$12,375 from a foreign business.

There is no limit to the size of a gift you can receive from a foreigner, and it will always be tax-free to you. The IRS often challenges “gifts” from any business, foreign or otherwise, as disguised compensation, which is taxable as ordinary income.

Report foreign gifts on Form 3520, which must be mailed by the date your tax return is due.

The IRS may treat unreported foreign gifts as income. You are also subject to penalties that range between 5% and 35% of the amount not reported.

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