

Donating Your Horse to Charity

With the cost of hay, feed and fuel sky-rocketing, many horse owners are faced with a dilemma – what to do with horses that you can't sell or don't want to sell through an auction to whomever happens to pay the top bid. One option is donating your horse to a charitable organization. Some organizations will put the horse to work as a therapy horse, others will attempt to rehome the animal, while others will use the donated horse in their educational programs. A horse that may have little value to you, or whom keeping has become cost prohibitive may just be able to serve one of these organizations well, and result in a tax deduction for you.

As an equine accountant serving horse owners and businesses across the country, I am often asked about the tax consequences of such donations. I'm also often asked if there is a deduction for using a horse for charitable purposes, are donated services deductible etc. To that end I thought the following list of questions and answers might answer many readers questions.

I want to donate my horse to charity, can I take a tax deduction? How much can I deduct?

First and foremost, if you're looking to get a tax deduction for your contribution, be sure that the charity you are contributing your horse to is a qualified organization. Most organizations can tell you if they are or are not qualified organizations. You can also use IRS Publication 78 which lists most qualified organizations.

Once you've established that the organization is qualified, you need to establish the fair market value of your horse. You can determine the fair market value of a donated horse by comparing your horse to similar sales of similar horses in your area at or around the time you donated your horse. Be sure to compare apples to apples, if your horse is unsound or aged, compare your horse with sales of unsound or aged horses. If you believe your horse is worth more than \$5,000, you will need to get an independent appraiser prepare a written appraisal for your horse.

In general you will be able to take a charitable deduction equal to the fair market value of your horse. Some exceptions do apply. If your horse is a business asset you will be limited to the lower of the horses current value or its tax basis.

You also have to do some record keeping to claim this deduction. Be sure to obtain a receipt for your donated horse, and don't be surprised if the charity asks you how much your horse is worth.

I want to give my horse to a girl down the street who lost her horse in an accident, can I claim this as a charitable deduction?

Unfortunately, you can't take a deduction for contributions that benefit an individual. The contribution must be made to a qualified organization

A charity uses my horse for their events; can I get a tax deduction for the use of the horse?

No you cannot take a tax deduction for the use of the horse. You can only take a deduction when you have donated an "entire interest" in property. If you incur out-of-pocket expenses directly related to the use of the horse such as hauling expenses, you may be able to deduct those costs.

How can I determine the value of my used tack, which I have donated to a charity?

A good place to determine the value of used tack would be a tack shop selling tack consignments, tack auctions, and classified ads. The value would be what you would have been able to sell the tack for on the day you donate it.

I want to donate my services as a riding instructor, can I deduct this?

Unfortunately, donation of services is not tax deductible. However, you may be able to deduct certain out of pocket expenses such as mileage, and any direct expenses you incur to provide the charitable service.

I want to donate to a charity, where do I start?

As mentioned previously, in order to receive a tax deduction you will need to make sure the organization you donate to is recognized by the IRS as a "qualified organization". You can ask the organization or obtain IRS publication 78 for a list of qualified organizations.

After you have determined that the organization is qualified, you should ensure that the organization's mission and objectives parallel your beliefs. You should also be comfortable that the organization is fiscally responsible.

I have used my car for volunteering, is this tax deductible?

You can deduct unreimbursed out-of-pocket expenses such as the cost of fuel and oil that are directly related to the use of your car in giving services to a charitable organization. If you do not want to deduct your actual expenses you can elect to use a standard mileage rate.

A good source for more information on tax deductions for charitable contributions is IRS publication 526. It is available either by calling the IRS at 1-800-829-3676 or online at <http://www.irs.gov/pub/irs-pdf/p526.pdf>. Carolyn Miller also has a message board that may answer your question at <http://equinecpa.net/messages/>