

IS THERE A TAX SMART WAY TO DISPOSE OF A DECEDENT'S PERSONAL BELONGINGS?

By: CHRISTINA ROWLAND, MBA

Dealing with the death of a loved one is hard.

It involves what seems like an endless list of items that you have never dealt with before. Not only are there funeral arrangements to make, there are titles that must be changed; names on bank accounts to change; inheritances to disperse; and many other things for which the personal representative is responsible. At the end of that list is the question, "What do we do with the personal belongings that no one wants?"

When a deceased person leaves personal property behind, the personal representative will distribute those items that have been given to specific beneficiaries. The remainder of the items usually end up going to a charitable establishment as a donation. Who gets the tax deduction for that donation?

A deceased individual is not considered able to make a donation, consequently no deduction is permitted on the deceased individual's final Form 1040 for donations after his/her date of death. An estate or trust cannot make a charitable donation unless it is specified in the will or trust document. Typically, specified donations are for cash amounts and not personal property, which means there is no deduction for this type of deduction on the Form 706 or Form 1041.

The most common strategy to gain some tax advantage from these donations is to treat the donated items as owned by the beneficiaries of the estate. To do so, the personal representative will need to obtain donation statements for each beneficiary and let him/her know the thrift store value of the donated items. This allows each beneficiary the option of taking his/her share of the donation as an itemized deduction on his/her personal Form 1040, Schedule A.



If you have questions about this or any other trust or estate issue, please contact your Account Manager or Christina Rowland at (314) 205-2510 or via email at crowland@connerash.com.