

BUSINESS

MONEY MANAGEMENT

Getting appreciation for donating property

Are you thinking about giving thanks for your blessings this Thanksgiving by making some charitable contributions? Before you reach for your checkbook, read what the Nevada Society of CPAs has to say about the tax advantages of donating appreciated property. Whether it's shares of stock in a high-tech company or the antique armoire you inherited, donating appreciated property can save you valuable tax dollars — in most cases, significantly more than donating cash.

Appreciated property has a fair market value in excess of your adjusted basis — that is, your original cost adjusted by certain increases (such as capital expenditures for improvements) or decreases (such as depreciation). Such property includes stocks, bonds, real estate, antiques, and jewelry.

When donating appreciated property, determining the amount of your deduction can be a bit tricky. The type of property you contribute, the amount of time you have owned it, the charity you give it to, and the way it's used all affect the amount you can deduct.

Ordinary income or capital gain property?

A different set of rules applies for ordinary income property versus capital gain property. It's ordinary income property if a sale at its fair market value would provide ordinary income or a short-term capital gain. This category includes inventory and capital assets held one year or

less. When you donate ordinary income or short-term capital gain property, your deduction is generally limited to your adjusted cost basis for the property.

On the other hand, when you donate long-term capital gain property — capital assets you have held for more than one year before giving it away — you benefit in two ways. Generally, you are entitled to a deduction based on the property's fair market value, subject to a limitation of 30 percent of your adjusted gross income (AGI). The fair market value is what a willing buyer would pay for the property. Second, you avoid paying tax on the appreciation that has built up over the years you have owned the property.

To illustrate the value of donating appreciated property, let's assume that 100 shares of ABC stock that you acquired eight years ago for \$2,000 now has a fair market value of \$10,000. If you were to donate this property to charity, you would be entitled to a charitable deduction equal to the fair market value of \$10,000, assuming your AGI was in excess of \$33,333, and you would avoid paying taxes on the \$8,000 in appreciation.

Gifts of tangible property

Things get a little stickier when you donate gifts of tangible personal property, such as antiques, jewelry, or artwork held for more than a year. With tangible property, the way in which the organization uses your donation can affect the amount

you are allowed to deduct.

To deduct the full fair market value, your gift must relate directly to the purpose of the charity. For example, if you give your state art museum a famous painting that you purchased three years ago and they display it, you may deduct the full market value of the painting. However, if you were to donate the same painting to your state university, which plans to sell it and use the proceeds to buy books for its library, your deduction is limited to what you paid for the painting.

Filing requirements

Then, of course, there is the paperwork. When your deduction for donated property exceeds \$500 — in total, not per item — you are required to file Form 8283, Non-Cash Charitable Contributions, with your tax return. And if the value of the donation is greater than \$5,000 (\$10,000 for certain stock that is not traded publicly), you must get a written appraisal. The \$5,000 appraisal requirement applies whether your donation is a single item or a group of similar items donated to different qualified charities. However, no appraisals are required for publicly traded stock.

To claim a 1996 deduction for gifts of property, you must complete the delivery of those donations by December 31, 1996; so, be sure you allow enough time for the legal paperwork.

Money Management is a weekly column on personal finance by the Nevada Society of Certified Public Accountants.

1996 children's best products winners listed

By Stevanne Auerbach, Ph.D.

After reviewing hundreds of children's products this year to select the best ones for Dr. Toy's awards, I am struck by the expanded diversity of products and their high quality. The products I selected encourage skill building for all ages. If you have access to the Internet, you can learn about them immediately by turning to drtoy.com or write to us to obtain the list of the "100 Best Children's Products for 1996": Dr. Toy, 268 Bush Street, San Francisco, CA 94104. Please include a self-addressed, stamped envelope and a copy of this article with the name of the paper you are

reading.

It is gratifying to see the increased interest on the part of toy companies to support the learning potential of young children. Interactive products range from books that provide a myriad of learning adventures, to physical activities to get children moving and to improve dexterity.

Included among the "Best Products" award winners are software and CDs that provide well-paced electronic, technical learning experiences; well-designed crafts and kits that expand imagination and creativity; clever nature products that encourage children's

appreciation of the world around them; innovative games and puzzles that help them think and solve problems; creative videos and audio tapes that help them exercise their imaginations; plus other products encourage verbal, artistic and musical skills. Several products were included to help children better understand disabilities and to learn to communicate using sign language. Even newly designed soft toys have clever and practical extensions that help young children learn while having fun.

Dr. Toy's "100 Best Children's Products" help children to expand communication, emotional and social development plus their imaginations. Whether the child obtains an innovative set of rubber stamps or learns how to create his or her own stamps on an electronic format, these "100 Best Products" can be your child's passport to the new and exciting world of learning. There is a strong link between the child's imagination, learning, and the new technology of today. You will see the benefits of using these products.

Brown

(Continued from Page 3) claims.

"In a couple of hours, (Jerkuic) would be a rich man, the two American operatives told him," the document states; "if (Jerkuic could) quietly send (the CT-43) into Sveti Ivan (St. John's Hill), one of the highest mountains in the area."

The theory, however, disregards the fact that Brown was perhaps the single reason for Clinton being voted president in 1992. As the leader of Clinton's 1992 Democratic campaign, and national president of the Democratic party, Brown masterminded Clinton's campaign which ultimately led to his presidential victory. Consequently, Clinton hired Brown as commerce secretary and their alleged friendship heightened.

Forbes Publisher, ex-presidential candidate speaks at CCSN Dec. 12

Steve Forbes, multi-millionaire publisher and a 1996 Republican presidential candidate, will speak at Community College Southern Nevada on Thursday, December 12, at 7:30 p.m. in the college's Distinguished Lecturer Series.

His address will be in the Nicholas Horn Theater on the Cheyenne Campus.

Simpson

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reviews in the mainstream media when he pounced on Simpson about how the blood of his estranged wife and Ronald Lyle Goldman got in his Ford Bronco. Simpson said he didn't know. But Petrocelli knows, and so does *Newsweek* magazine.

A balanced reporting of the exchange would have revealed that Simpson's lawyer, Robert Baker, according to *Newsweek*, will be calling an LAPD officer to testify that he had played with the blood-soaked Akita dog and then later — without change clothes — got in the Bronco.

Petrocelli was also elevated to deity by the mainstream media after he bore in on Simpson about his whereabouts on the night of the murders between 9:30 and 10:55 p.m. Simpson said he stayed around the house doing a number of things. Petrocelli, however, says Simpson was out and about killing two white people. The cheers were deafening.

But Petrocelli had no doubt read Donald Freed's blockbuster novel *Killing Time*. Freed, and his co-author, Raymond Briggs, used computer simulations to analyze an assortment of murder "time lines." According to these men, under no circumstance could Simpson have had time to kill two people, get home, shower and shave, then catch a plane to Chicago.

Mr. Schatzman, a former district court judge in Pittsburg, Pa., is an NNPA syndicated columnist, a journalism professor at California State University at Fullerton.

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