

This info is provided based on IRS guidelines as informational only. You should always consult your tax advisor regarding the deductibility and/or filing of donations.

Tax benefits of donating crypto

Donating crypto directly to charity can save you money on two types of taxes:

1. Avoid paying any capital gains tax on your crypto gains.
2. Receive a federal income tax deduction for the full value of your crypto (state and local income tax deductions may also be available).

An alternative is to sell your crypto and donate the cash proceeds, but you would first owe capital gains tax on the appreciation, resulting in higher taxes for you and less dollars going to furthering the mission of the charity.

Tax Deductions for Crypto Donations

Crypto donations are generally considered by the IRS to be gifts of property (similarly to publicly-traded stocks). The process for claiming a tax deduction for crypto donations depends on the value of the deduction. If the value of your deduction is \$500 or less, you can simply report the value of the charitable deduction on your annual income tax return filing.

If you have made a donation through Crypto for Charity, you will have received a donation receipt from FreeWill Impact Fund reflecting your gift - save this receipt in your records as support for the deduction you've claimed.

Amounts greater than \$500

To claim a tax deduction for amounts greater than \$500, you must file IRS Form 8283 along with your tax return for the year in which your gift was made. Form 8283 is where you will provide the IRS with certain details regarding your gift, which help establish your eligibility for the tax deduction.

You can [access Form 8283 from the IRS with instructions at this link](#). If you need help completing the form, please speak with your tax professional.

Amounts greater than \$5,000

If you are claiming a deduction for more than \$5,000, you will also need to obtain a qualified appraisal of the donated assets, which establishes their value to the IRS. The appraiser will complete the "Declaration of Appraiser" contained in Part IV of your Form 8283.

There are a growing number of businesses that provide crypto appraisal services, such as [Crypto Appraisers](#) and [Charitable Solutions](#). As of the time of this update, Crypto Appraisers has the lowest price at \$120 for a single donation or \$180 for multiple donations in a single calendar year, and the process should take 24-48 hours to complete.

Next, please send a copy of your partially completed Form 8283 to the nonprofit organization to which you made your gift. (If you used Crypto for Charity, that would be FreeWill Impact Fund. You can simply respond to the email in which we sent you your donation receipt, and then an updated copy of Form 8283 with the completed "Donee Acknowledgment" will be sent back to you).

Amounts greater than \$500,000

To claim a deduction for gifts valued above \$500,000, the process requires that you file the appraisal report with your taxes (rather than simply keeping it for your records), so it could be more expensive to obtain.