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Used cars grew popular as a vehicle choice for many Americans and now comprise almost 75 percent of the entire vehicle sales in the U.S. in the last 2 years. Non-profit organizations have seen the potential of selling donated vehicles as a great source of income to fund their charitable activities, with a large portion of total used car sales consisting of vehicles, sold by these organizations to car buyers.

Donating items to charitable institutions is widely practiced throughout the country, and some of the biggest donations are in the form of used cars. Of course, donating a car is not merely about giving away their cars. For example, Households can receive tax benefits for their donation. The non-profit organizations initiating the donation program will sell the vehicles for a flexible price and the proceeds will be utilized as funds for their charities. The amount of proceeds will determine the tax benefits the donors will receive, although some policies provide certain restrictions.

If the donated car is valued less than $500 after thorough inspection based on certain standards, the donor can estimate for the tax benefits he want to receive, normally not greater than the known value. Conversely, if the value exceeds $500, the tax benefit only amounts to the maximum proceeds the charitable organization receives in selling the car. This is in contrast to the traditional method of allowing the donor to decide on the tax benefits to deduct from the sale.

The changes in the computation of tax benefits started to manifest in 2005 following the promulgation of the American Jobs Creation Act of 2004. This answers the unreasonable deductions some donors make on the car sales, making the entire process simply a tax shelter.

Most non-profit national or private organizations that accept car donations in prominent cities like Minneapolis do not engage in direct selling. Instead, they auction off the donated vehicles for easier and faster generation of revenue. A donate car Minneapolis charitable institutions accept may also go to a specialized car lot where they are retailed in a similar way to commercially available used cars. This is a great option for car buyers who opt for really cheap used cars.

Some owners donate their cars to charitable institutions through processing companies. A processing company serves as a middleman that sells the car and sends the proceeds to the charitable institution the donors indicated. In turn, they take a certain percentage from the results of the car donation Minneapolis car owners made.

Minneapolis car donation from ehow.com. This website explains how the process really works, including how charitable institutions make revenue from it.

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