



**FUNDAMENTALS  
OF  
PLANNED GIVING**

**PART THREE:  
ASSETS USED FOR CHARITABLE CONTRIBUTIONS**

**PG CALC WEBINAR**

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## INTRODUCTION

In a perfect world, all of our donors would contribute cash—which would certainly make the tax ramifications easier to explain. But that’s not reality. In fact, donors have many options for giving. Whether it’s 100 shares of IBM stock, that rickety old cabin, or grandma’s beloved china, sooner or later a generous donor is likely to offer it up as a charitable gift. For the most part, tax law does allow taxpayers to deduct these gifts as charitable contributions ... with some exceptions.

### Types of Non-Cash Gifts

In addition to cash, a wide variety of other items of value can be donated to charitable organizations. In general, these are referred to as “non-cash gifts,” and can be divided into four broad categories:

**Securities** – including stocks, bonds, and mutual funds

**Real property** – including personal residences, farms, or other real estate

**Tangible and intangible personal property** – including art objects, rare books, coin collections and other items

**Gifts-in-kind** – such as equipment or other items which can be used in the ordinary course of the charity’s operations

## SECURITIES

Donors and prospects are likely to own securities as a part of their personal investments. Securities come in a wide variety of forms. Some are more advantageous as charitable gifts than others. Broadly, the most common types of securities used as charitable gifts are:

**Stocks** – proportionate share of ownership in a company, often referred to as “equities”

**Bonds** – essentially a loan to the company that issues the bond

**Mutual funds** – accept money from a number of individuals and pool it for investment purposes, may be highly specialized investing only in certain types of stocks, bonds, or other assets, or may invest in broadly diversified portfolios

### Types of Stock

Common stock is the most frequently contributed asset. However, there are many specific types of stock and different varieties of corporate organizations. Some key types are:

**Common stock** shareholders may participate in the profits of the corporation in the form of dividends which can be distributed from the profit earned by the corporation. The amount and timing of common stock dividends are determined by the corporation and are neither fixed nor guaranteed. Some corporations elect to pay no dividends to their common stock holders at all, instead relying on increases in the value of the stock to provide investment return for the shareholders.

**Preferred stock** usually pays dividends that are pre-determined as to amount and timing regardless of how well (or poorly) the company performs. In addition, preferred stock shareholders often have a claim on corporate property if company assets are liquidated.

**Closely-held stock** is an equity security that is not publicly traded. Like common stock, these shares represent ownership and may pay dividends, but they are not generally bought and sold among the public. Depending upon the specific restrictions of the corporation, it can be difficult to sell shares of closely-held stock.

**C-corp** refers to the legal form under which most large publicly traded corporations are organized. In general, a C-corp must pay corporate income tax on its profits. C-corp stock presents no unusual challenges when contributed as a charitable gift.

**S-corp** refers to a special form of corporate organization which allows only a limited number of shareholders. For tax purposes, an S-corp is treated much like a partnership in that there is no corporate income tax, but rather the corporate profits are taxed as ordinary income to its shareholders. A charitable remainder *trust may not* own S-corp stock. If a charity accepts an outright contribution of S-corp stock it will have to pay Unrelated Business Income Tax on any distributions received from the stock and on any appreciation in value when the stock is sold.

**LLP, LLC, PLC, PA, PA** are acronyms that refer to specialized forms of corporate organization that may be authorized by state law. Great care should be exercised when considering acceptance of a contribution of any of these forms. Significant restrictions may preclude the contribution of these interests. For example, a medical practice may be organized as one of these specialized types, but state law may restrict ownership to licensed physicians.

### **Contributing Stock**

A contribution of stock is straightforward. The donor transfers ownership of the shares to the charity and is allowed an income tax charitable deduction for the fair market value of the stock on the date the transfer is completed. For publicly traded stocks, the deduction is based upon the average between the high and low prices on the date the stock is transferred.

Note that in order to maximize the tax advantages, it is critically important that *the securities themselves be transferred* to the charitable organization. If the donor sells the shares and gives the proceeds to charity, the donor will be liable for capital gains tax on the sale.

### **Transferring Publicly Held Stock**

Making a contribution of appreciated securities need not be complicated. These days most investors use a stock brokerage to manage their securities rather than holding physical certificates themselves. Securities held by a broker are relatively easy to transfer. The specific details of the transfer of securities depends upon how the donor holds the securities:

**“DTC” or “book entry”** – Most people no longer hold physical stock certificates. Instead their securities are held in “custody” accounts provided by an investment firm or bank. Most such brokerage accounts are serviced by the Depository Trust Company (DTC), which holds custody of securities in the form of electronic files. The donor simply instructs the broker to transfer shares to the charity’s account and then DTC makes the appropriate entries to transfer

ownership to the charity. The date of the gift for a DTC transfer is the date when the shares actually enter the charity's account. Most DTC transfers are made in 72 hours or less.

**certificates** – If a donor holds physical stock certificates, he or she should sign a stock power (a legal form authorizing the transfer of ownership) for each certificate contributed and deliver the stock power and the *unendorsed*<sup>1</sup> certificates to the charity. A stock power form can be obtained from most brokers or financial institutions. Care should be exercised to make certain that the signature on the stock power is properly certified. The date of gift for a contribution of securities is the date the charity receives physical custody of the documents or, if mailed, the mailing date.

**transfer agent** – Occasionally the owner of the securities will direct the company's transfer agent to reissue shares in the name of the charity. This method offers the least certainty regarding the date of transfer because the timing relies upon the internal processes of the corporation and its transfer agent.

### **Transferring Closely Held or Restricted Securities**

The transfer and valuation of closely held and restricted stock is complex and depends upon the specific conditions and requirements of the security. Often, the only purchasers for this stock are people involved with the company who may fully expect to buy the stock back from the charity. Great care should be exercised in these cases to avoid a pre-arranged agreement to sell the stock.

### **Stock Options**

Sometimes donors will offer "stock options" as a contribution. A stock option is simply an agreement that gives the holder of the option the right to buy a certain number of shares in the granting company at a fixed price for a certain period of time. There are two types of stock options which are most likely to be encountered as a proposed charitable gift:

**"Non-qualified" stock options** – may be transferred to a charity if the company's stock option plan permits it to do so. These option contracts can be very complex. Donors should be urged to consult their own advisors to determine the suitability of non-qualified options as a charitable contribution.

**"Incentive" stock options** – are, by law, not transferable.

Although contributions of stock options may have only limited value to the charity, a donor who exercises stock options often encounters significant tax liabilities as a result in addition to receiving a sometimes significant increase in income or net worth. These circumstances can provide an opportunity for other creative charitable gift planning.

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<sup>1</sup> Although the donor may simply endorse the stock certificates themselves, for security reasons, it is preferable to use a stock power separate from the certificate because an endorsed certificate can be negotiated by anyone who is in possession of it. For this reason, if a donor wants to mail a gift of stock certificates, he or she should send the unendorsed certificates in one envelope and the signed stock powers in a separate envelope.

## **Bonds**

The owner of a bond is a creditor who is owed money by the corporation (or other entity) that issued the bond. Unlike shareholders, bondholders do not own “a piece of the corporation.” Like other loans, bonds pay interest to the owner for a specified period of time, after which the principal is repaid. Bond holders are usually entitled to a priority claim on company’s assets – that is, bond holders would be paid before stockholders in the event of a bankruptcy or liquidation of the corporation.

There are many types of bonds:

**Corporate bonds** are a major source of corporate borrowing. Sometimes called “debentures,” corporate bonds are usually backed by the general credit of the corporation. Specialized bond issues can be backed by certain specific corporate assets.

**Municipal bonds** (or “munis”) are issued by state and local governments. General obligation bonds are backed by the general funds of the issuer; revenue bonds are backed by revenues of the particular project being financed. In general, the interest paid by municipal bonds receives favorable income tax treatment, often tax-free.

**U.S. Treasury Notes and Bonds** are issued by the Federal government and pay the holder a fixed interest payment. Although treasury bonds were discontinued for a period of time, they were reinstated in 2006 and have been issued since.

**U.S. Treasury Bills (T-bills)** are backed by the Federal government. As such they are considered a “zero risk” investment and therefore are often used by investors for cash reserves. T-bills are the largest component of the “money market.”

**Zero coupon bonds** do not pay interest at all, but rather are sold at deep discount from their redemption value. Since investors in zero coupon bonds don’t collect interest, they instead rely for their investment return on the increasing value of the bond as it approaches maturity.

**Savings Bonds** are in a class by themselves when it comes to charitable giving. According to the U.S. Treasury, millions of Americans own U.S. savings bonds. One of the reasons they are attractive to investors is that the interest paid on these bonds is usually exempt from state and local income taxes.

U.S. savings bonds are problematic as a charitable gift during lifetime because the bond cannot be transferred but must be sold first, which triggers all of the accumulated income tax liability. However, savings bonds can be left to charity through a bequest and avoid the income tax entirely.

## **Contributing Bonds**

A contribution of a bond is similar to a contribution of stock. The donor transfers ownership of the bond to the charity and is allowed an income tax charitable deduction for the fair market value of the bond on the date the transfer is completed.

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It is critically important that *the bond itself be transferred* to the charitable organization. If the donor sells the bond and gives the proceeds to charity, the donor will be liable for capital gains tax on the sale.

**Mutual Funds**

Mutual funds are very popular investment vehicles for both individuals and institutions. Most American investors now own mutual funds—either individually or through a retirement plan—for some or all of their portfolio.

The transfer of mutual funds as a charitable gift must be completed by the mutual fund company at the direction of the donor. Since each mutual fund company has established its own forms and procedures, the process of making a charitable gift of mutual funds can be time consuming.

**Notes:** | The date of gift for a mutual fund contribution is the date on which the shares are transferred to the account of the charity. Since the donor may have little control over the timing of this transfer, special care should be exercised if a donor wishes to make a year end mutual fund gift.

Special care should be taken to ensure that the mutual fund company transfers the shares themselves to the charity and does not sell the shares and forward the proceeds to charity.

**Contributing Mutual Funds**

Like contributions of stocks or bonds, the donor transfers ownership of the mutual fund to the charity and is allowed an income tax charitable deduction for the fair market value of the mutual fund on the date the transfer is completed.

**Note:** | Determining the cost basis and holding period for mutual fund investments can be complicated if fund dividends are reinvested automatically. Dividend reinvestment is a common practice in which dividends are used to purchase additional shares of the mutual fund instead of being paid to the owner.

However, dividend reinvestment can make it difficult to determine the cost basis and holding period because each dividend reinvestment purchase has its own acquisition date and cost basis.

If a donor is considering a gift of mutual fund shares, ask if the donor has fund dividends reinvested automatically. If yes, the donor should be encouraged to consult with his or her advisors to determine the cost basis and holding period.

As with stocks and bonds, it is critically important that *the mutual fund itself be transferred* to the charitable organization. If the donor sells the mutual fund and gives the proceeds to charity, the donor will be liable for capital gains tax on the sale.

### **Special Note Regarding Depreciated Securities**

Although we generally assume donors will contribute securities that have appreciated in value (are worth more than the donor paid for them), sometimes donors hold depreciated securities (those that have lost value and are now worth less than the donor paid for them). Usually donors should not contribute depreciated securities. The charitable deduction will be for the fair market value on the date of the gift. In the case of a contribution of a depreciated security, this means that the donor's income tax deduction will be less than the donor paid for the security. In addition, by donating depreciated securities, the donor loses the opportunity to sell the securities and use the realized loss to offset realized gains on his or her next income tax return.

Donors who own securities that have depreciated in value should consult with their own tax and financial advisors on the advisability of giving them to charity.

## **REAL PROPERTY**

Real property, more commonly called "real estate," is generally defined as land and the structures and fixtures that are relatively permanently affixed to it. Examples of real property include:

- Undeveloped land
- Residential property
- Property held for investment such as apartments, office buildings, and malls
- Commercial property used in the taxpayer's business
- Agricultural property used for the production of crops or livestock

When contemplating contributions of real property, a charity will find it advantageous to have in place a set of ground rules:

- Don't be pressured into accepting a gift of real property. Even under the best of circumstances, the decision to accept real estate must be a careful and reasoned one.
- Develop gift acceptance policies that clearly define what will and will not be accepted, what the charity will and will not pay for, and a requirement for an environmental audit.
- Establish an objective process for reviewing proposed gifts of real property so that quick action can be taken when an opportunity arises.

Beyond the apparent economic value of the contribution, there are several other important questions a charity should consider before accepting a contribution of real estate:

- What is the property's marketability? How quickly can it be sold for a fair price?
- If the property is to be retained—either by choice or by unintended circumstances—what are the expenses required to hold the property?
- Are there restrictions, reservations, easements or other limitations that might affect the marketability of the property?

- Is the property environmentally clean? Will the cost of the environmental audit and possible remediation override the value of the gift?
- What are the motivations behind the offer? Is there real donative intent or is it a self-serving offer?
- Is the offer acceptable according to the policies of your organization?

### **Contributions of Real Property**

In order to contribute real property, a donor transfers ownership of the property to the charity, usually with the assistance of a real estate attorney, Realtor, or other professional. The donor is allowed an income tax charitable deduction for the fair market value of the real estate on the date the transfer of ownership is completed.

As with other gifts of appreciated assets, it is important that *the real property itself be transferred* to the charitable organization. If the donor sells the real property and gives the proceeds to charity, the donor will be liable for capital gains tax on the sale.

### **“Ordinary Income” Real Property**

If the real property is considered ordinary “income property,” then the donor’s charitable deduction is limited to the fair market value less appreciation—generally the cost basis minus any costs already deducted. Real property may be considered ordinary income property if it is:

- Property that has been held less than one year by the donor
- Property held by the donor as a real estate dealer (owners may be considered dealers if they hold and develop property as inventory for sale to customers or if the owner is engaged in the frequent purchase and sale of real property)
- Property that is subject to depreciation recapture (depreciation recapture can occur when the owner has claimed depreciation deductions on prior tax returns)

The determination of real property as ordinary income property is a complex matter. Donors should be urged to consult their own tax advisors if this is in question.

### **Partial Interests**

Partial interests occur when a property owner shares the ownership of property with another person or entity, or ownership is limited in some other way. In order to be deductible as a charitable contribution, the transfer to charity must be an undivided partial interest. This means, for example, that a donor could transfer a 20 percent interest in land and claim a charitable deduction for the contribution. The charitable organization would then join the donor in the subsequent sale of the land.

<b>Notes:</b>	When a donor contributes a fractional interest in property, even if it is his or her entire share, the valuation for charitable deduction purposes must reflect that the gift is either a minority or majority interest, which may affect the
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marketability of the parcel.

Before accepting a partial interest in real estate, the charity should consider the potential for environmental liability (see below) since it will become an owner of the property.

### **Debt Encumbrance**

A mortgage reduces the amount of the charitable deduction for a gift of real property. The deduction will be the fair market value minus the amount of debt outstanding. The transfer of debt encumbered property is usually considered to be a bargain sale (since the donor is relieved of the debt obligation he or she is deemed to have been “paid” that amount), which means that a portion of the capital gain will be taxable to the donor. In addition, the donor may incur income taxes as a result of having been relieved of the debt obligation.

The tax implications of contributions of encumbered property are complex. Donors should be urged to consult their own tax advisors in these situations.

### **Timeshares**

Timeshares generally don't make good charitable gifts—at least not from the charity's point-of-view. They are usually difficult to sell, and the resale value can be significantly less than what the donor originally paid for the timeshare. In addition, the charity may find itself responsible for maintenance and other fees until the interest is sold.

### **Crops and Timber**

Occasionally your organization may be asked to consider a gift of land that comes with crops. "Un-harvested" crops sold with the land on which the crops are located (and which has been owned by the seller for more than one year) are considered long-term capital gain property.

If harvested crops are contributed to charity, they are usually considered tangible personal property. However, if the donor regularly produces crops for sale to customers in a trade or business, they may be ordinary income property.

Contributions of timber represent one of the most complex of all property gifts. Factors that determine the tax treatment of charitable contributions of timber include whether the:

- Timber is standing and being contributed with the land
- Timber has been cut and is being contributed separately
- Donor holds the timberland primarily for investment
- Sale of timber to customers is in the ordinary course of business

## **Mineral Interests**

A mineral interest (sometimes a “mining interest” or an “oil and gas interest”) is the legal right to exploit or produce minerals that lie below the surface of the land. In most cases the mineral interest is included in the ownership of the property. This combined ownership is referred to as a “fee interest” in the property. However, mineral interests can be separated from the surface rights to the land and the mineral interest can then be sold or contributed separate from the land itself. The separation of mineral interests is complex. Before accepting a contribution of real property the charity should be certain that it understands exactly what rights it will own. For example, in some states the owner of a mineral interest is given a right to use the surface land in order to access the mineral interest. In addition, the management and administration of mineral interests is a highly technical area requiring special expertise.

## **Environmental Audits**

Under Federal law, the owner of a polluted property can be held financially responsible for the clean-up of the pollution. This includes a charity that becomes owner of a polluted property as a result of a contribution.

In light of the potentially enormous costs of environmental remediation, it is prudent for the charitable organization to conduct a careful environmental review of the property before agreeing to accept it. Professional environmental audits are conducted by specialists in environmental remediation and usually proceed in three phases:

**Phase I** – a physical inspection of the property and review of the title history of the property to identify potential environmental hazards (e.g., Is there an un-capped well on the property? Was the property ever used for industrial purposes?)

**Phase II** – a more in-depth review including some sampling of soils and materials from the property (e.g., Is there asbestos insulation in place? Are there abandoned buried oil tanks on the property?)

**Phase III** – usually involves extensive on-site investigation possibly including drilling test wells and examination of soil samples

Of course, the costs of environmental audits increase at each stage. The good news is that the environmental review can be conducted in steps. For example, if a Phase I audit shows little cause for concern, the organization may decide that there is no need to proceed with further in-depth work.

It is prudent to conduct an environmental review even on seemingly mundane properties. For example, a personal home may have been built on the site of a former gas station where leaking storage tanks polluted the subsoil years before with no visible evidence.

Finally, note that even if an environmental issue is identified, the property may still be acceptable provided that the costs of remediation are reasonable and that the charitable organization is aware of these issues before accepting the gift.

**Note →** The purpose of the environmental review is to identify potential environmental liabilities and remediation needs. Even the most careful environmental review cannot guarantee a perfectly clean property. Once the charity has accepted ownership of the real property, it will be liable for all environmental issues, even those that were not identified by the environmental audit.

### **TANGIBLE AND INTANGIBLE PERSONAL PROPERTY**

Tangible personal property is property that can be held physically while intangible personal property has no inherent physical characteristics that lend value.

Examples of tangible personal property include:

furniture	store fixtures	old musty books
production machinery	storage equipment	mobile homes
office equipment	grandma's china	portable buildings
appliances	a doll collection	motor vehicles

Examples of intangible personal property include:

copyrights	installment obligations	partnership interests
royalties	life insurance contracts	securities
patents	annuity contracts	service contracts

As with real property, there are a number of questions the charity should consider before accepting a contribution of personal property:

- What is the property's marketability? How quickly can it be sold for a fair price?
- If the property is to be retained—either by choice or by unintended circumstances—what are the expenses required to hold the property?
- Are there restrictions, reservations or other limitations that might affect the marketability of the property?
- What are the motivations behind the offer? Is there real donative intent or is it a self-serving offer?
- Is the offer acceptable according to the policies of your organization?

### **Deductibility of Tangible Property Contributions**

Contributions of tangible personal property present several special issues for income tax charitable deduction purposes.

**Related Use Rule** – The donor is allowed a deduction for the full fair market value of the tangible personal property only if the use of the item is related to the tax-exempt purposes of the charity.

Otherwise, the amount of the deduction is limited to the *lesser of* the donor's cost basis or the fair market value.

***Example: Related Use Rule***

If an individual donates a painting to a museum and it is of the type normally retained by the museum, the painting is a related use item and the contribution deduction will be for the full fair market value of the painting.

If the person donates the same painting to a food bank to be sold at a charity auction, the charitable deduction will be limited to the lesser of the cost basis or fair market value because the use of the item is unrelated to the exempt purposes of the charity.

The related use rule can be interpreted quite broadly. For example, a contribution of artwork to a hospital that then hangs the art in its lobby should qualify as a related use contribution even though the charitable purpose of the hospital does not specifically involve the study or display of art because the use of the artwork in this case enhances the patient experience which is related to the charitable purpose of the hospital.

**Ordinary Income Property Rule** – Another reason the charitable deduction might be reduced is because the asset is “ordinary income property,” i.e., the individual would realize ordinary income if he or she sold the item. Ordinary income property, in this context, includes items created by the donor (such as artwork, music, or a manuscript), items of inventory held for sale to customers in the course of business, and items held for one year or less. When ordinary income property is transferred to a charity, the charitable deduction is the *lesser of* the fair market value of the item or its cost basis.

**Long Term Capital Gain Rule** – Tangible personal property that is acquired as an investment may be considered a long term capital gain asset (assuming it is held for more than one year). For example, a person who collects paintings by Monet as a passion, but then holds and trades them as investments, may be considered to hold long term capital gain assets because he or she trades them as investments.

**Deductibility of Intangible Property Contributions**

The deduction for donations of a patent or other intellectual property such as copyrights or software, is limited to the lesser of the fair market value or the donor's cost basis.

**GIFTS-IN-KIND**

Gifts-in-kind are non-monetary items that the charity is able to put directly to use for its charitable purposes. Examples include cribs donated to a crisis nursery, blankets to a homeless shelter, or computers donated to a school.

Generally, the rules for tangible personal property apply in regard to the charitable deduction for gifts-in-kind. Note that in some instances, the fair market value of the tangible personal property

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is less than the donor's cost basis. This is often the case, for example, with donated computers and other equipment that has been surpassed and made obsolete by later technology.

It is important to note that there is no deduction for contributions of services. For example, the attorney who provides free services to a charitable organization may not claim an income tax deduction for the value of those services.

**Notes:** From time to time tax laws have been enacted to encourage certain types of gifts-in-kind. For example, the 2006 Pension Protection Act included a provision temporarily expanding the tax incentives for contributions of food inventory. Similarly, temporary special provisions have been enacted from time to time to encourage gifts of computers and other hardware.

Charities should check with their own advisors to determine the current availability of special incentives for gifts-in-kind.

(Text adapted from the book *Planned Giving in a Nutshell* and used with permission of the author.)

**Appendix -** [https://www.irs.gov/file\\_source/pub/irs-pdf/i8283.pdf](https://www.irs.gov/file_source/pub/irs-pdf/i8283.pdf)

# Instructions for Form 8283

(Rev. December 2014)



## Noncash Charitable Contributions

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Future Developments

Information about any future developments affecting Form 8283 (such as legislation enacted after we release it) will be posted at [www.irs.gov/form8283](http://www.irs.gov/form8283).

#### Purpose of Form

Use Form 8283 to report information about noncash charitable contributions.

Do not use Form 8283 to report out-of-pocket expenses for volunteer work or amounts you gave by check or credit card. Treat these items as cash contributions. Also, do not use Form 8283 to figure your charitable contribution deduction. For details on how to figure the amount of the deduction, see your tax return instructions and Pub. 526, Charitable Contributions.

#### Who Must File

You must file Form 8283 if the amount of your deduction for all noncash gifts is more than \$500. For this purpose, "amount of your deduction" means your deduction before applying any income limits that could result in a carryover. The carryover rules are explained in Pub. 526. Make any required reductions to fair market value (FMV) before you determine if you must file Form 8283. See [Fair Market Value \(FMV\)](#), later.

Form 8283 is filed by individuals, partnerships, and corporations.

**C corporations.** C corporations, other than personal service corporations and closely held corporations, must file Form 8283 only if the amount claimed as a deduction is more than \$5,000.

**Partnerships and S corporations.** A partnership or S corporation that claims a deduction for noncash gifts of more than \$500 must file Form 8283 with Form 1065, 1065-B, or 1120S.

If the total deduction for any item or group of similar items is more than \$5,000, the partnership or S corporation must complete Section B of Form 8283 even if the amount allocated to each partner or shareholder is \$5,000 or less.

The partnership or S corporation must give a completed copy of Form 8283 to each partner or shareholder receiving an allocation of the contribution deduction shown in Section B of the Form 8283 of the partnership or S corporation.

**Partners and shareholders.** The partnership or S corporation will provide information about your share of the contribution on your Schedule K-1 (Form 1065 or

1120S). If you received a copy of Form 8283 from the partnership or S corporation, attach a copy to your tax return. Use the amount shown on your Schedule K-1, not the amount shown on the Form 8283, to figure your deduction.

If the partnership or S corporation is not required to give you a copy of its Form 8283, combine the amount of noncash contributions shown on your Schedule K-1 with your other noncash contributions to see if you must file Form 8283. If you need to file Form 8283, you do not have to complete all the information requested in Section A for your share of the partnership's or S corporation's contributions. Complete only column (h) of line 1 with your share of the contribution and enter "From Schedule K-1 (Form 1065 or 1120S)" across columns (d)-(g).

#### When To File

File Form 8283 with your tax return for the year you contribute the property and first claim a deduction.

#### Which Sections To Complete

Form 8283 has two sections. If you must file Form 8283, you may have to complete Section A, Section B, or both, depending on the type of property donated and the amount claimed as a deduction.

Use Section A to report donations of property for which you claimed a deduction of \$5,000 or less per item or group of similar items (defined later). Also use Section A to report donations of publicly traded securities. Use Section B to report donations of property for which you claimed a deduction of more than \$5,000 per item or group of similar items.

In figuring whether your deduction for a group of similar items was more than \$5,000, consider all items in the group, even if items in the group were donated to more than one donee organization. However, you must file a separate Form 8283, Section B, for each donee organization.

**Example.** You claimed a deduction of \$2,000 for books you gave to College A, \$2,500 for books you gave to College B, and \$900 for books you gave to College C. You must report these donations in Section B because the total deduction was more than \$5,000. You must file a separate Form 8283, Section B, for the donation to each of the three colleges.

**Section A.** Include in Section A only the following items.

1. Items (or groups of [similar items](#) as defined later) for which you claimed a deduction of \$5,000 or less per item (or group of similar items).

2. The following publicly traded securities even if the deduction is more than \$5,000:

a. Securities listed on an exchange in which quotations are published daily,



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- b. Securities regularly traded in national or regional over-the-counter markets for which published quotations are available, or
- c. Securities that are shares of a mutual fund for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

**Section B.** Include in Section B only items (or groups of similar items) for which you claimed a deduction of more than \$5,000. Do not include publicly traded securities reportable in Section A. With certain exceptions, items reportable in Section B require a written appraisal by a qualified appraiser. You must file a separate Form 8283, Section B, for each donee organization and each item of property (or group of similar items).

**Similar Items of Property**

Similar items of property are items of the same generic category or type, such as coin collections, paintings, books, clothing, jewelry, nonpublicly traded stock, land, or buildings.

**Example.** You claimed a deduction of \$400 for clothing, \$7,000 for publicly traded securities (quotations published daily), and \$6,000 for a collection of 15 books (\$400 each). Report the clothing and securities in Section A and the books (a group of similar items) in Section B.

**Special Rule for Certain C Corporations**

A special rule applies for deductions taken by certain C corporations under section 170(e)(3) or (4) for certain contributions of inventory or scientific equipment.

To determine if you must file Form 8283 or which section to complete, use the difference between the amount you claimed as a deduction and the amount you would have claimed as cost of goods sold (COGS) had you sold the property instead. This rule is only for purposes of Form 8283. It does not change the amount or method of figuring your contribution deduction.

If you do not have to file Form 8283 because of this rule, you must attach a statement to your tax return (similar to the one in the example below). Also, attach a statement if you must complete Section A, instead of Section B, because of this rule.

**Example.** You donated clothing from your inventory for the care of the needy. The clothing cost you \$5,000 and your claimed charitable deduction is \$8,000. Complete Section A instead of Section B because the difference between the amount you claimed as a charitable deduction and the amount that would have been your COGS deduction is \$3,000 (\$8,000 – \$5,000). Attach a statement to Form 8283 similar to the following:

<u>Form 8283—Inventory</u>	
Contribution deduction	\$8,000
COGS (if sold, not donated)	– 5,000
For Form 8283 filing purposes	=\$3,000

**Fair Market Value (FMV)**

Although the amount of your deduction determines if you have to file Form 8283, you also need to have information about the FMV of your contribution to complete the form.

FMV is the price a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither has to buy or sell.

You may not always be able to deduct the FMV of your contribution. Depending on the type of property donated, you may have to reduce the FMV to figure the deductible amount, as explained next.

**Reductions to FMV.** The amount of the reduction (if any) depends on whether the property is ordinary income property or capital gain property. Attach a statement to your tax return showing how you figured the reduction.

**Ordinary income property.** Ordinary income property is property that would result in ordinary income or short-term capital gain if it were sold at its FMV on the date it was contributed. Examples of ordinary income property are inventory, works of art created by the donor, and capital assets held for 1 year or less. The deduction for a gift of ordinary income property is limited to the FMV minus the amount that would be ordinary income or short-term capital gain if the property were sold.

**Capital gain property.** Capital gain property is property that would result in long-term capital gain if it were sold at its FMV on the date it was contributed. For purposes of figuring your charitable contribution, capital gain property also includes certain real property and depreciable property used in your trade or business and, generally, held more than 1 year. However, to the extent of any gain from the property that must be recaptured as ordinary income under section 1245, section 1250, or any other Code provision, the property is treated as ordinary income property.

You usually may deduct gifts of capital gain property at their FMV. However, you must reduce the FMV by the amount of any appreciation if any of the following apply.

- The capital gain property is contributed to certain private nonoperating foundations. This rule does not apply to qualified appreciated stock.
- You choose the 50% limit instead of the special 30% limit for capital gain property.
- The contributed property is [intellectual property](#) (as defined later).
- The contributed property is certain taxidermy property.
- The contributed property is tangible personal property that is put to an unrelated use (as defined in Pub. 526) by the charity.
- The contributed property is certain tangible personal property with a claimed value of more than \$5,000 and is sold, exchanged, or otherwise disposed of by the charity during the year in which you made the contribution, and the charity has not made the required certification of exempt use (such as on Form 8282, Part IV).

**Qualified conservation contribution.** A qualified conservation contribution is a donation of a qualified real property interest, such as an easement, exclusively for certain conservation purposes. The donee must be a qualified organization as defined in section 170(h)(3) and must have the resources to be able to monitor and

## Fundamentals of Planned Giving

### Part Three: Assets Used for Charitable Contributions

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enforce the conservation easement or other conservation restrictions. To enable the organization to do this, you must give it documents, such as maps and photographs, that establish the condition of the property at the time of the gift.

If the donation has no material effect on the real property's FMV, or enhances rather than reduces its FMV, no deduction is allowable. For example, little or no deduction may be allowed if the property's use is already restricted, such as by zoning or other law or contract, and the donation does not further restrict how the property can be used.

The FMV of a conservation easement cannot be determined by applying a standard percentage to the FMV of the underlying property. The best evidence of the FMV of an easement is the sales price of a comparable easement. If there are no comparable sales, the before and after method may be used.

Attach a statement that:

- Identifies the conservation purposes furthered by your donation,
- Shows, if before and after valuation is used, the FMV of the underlying property before and after the gift,
- States whether you made the donation in order to get a permit or other approval from a local or other governing authority and whether the donation was required by a contract, and
- If you or a related person has any interest in other property nearby, describes that interest.

If an appraisal is required, it must include the method of valuation (such as the income approach or the market data approach) and the specific basis for the valuation (such as specific comparable sales transactions).

**Easements on buildings in historic districts.** You cannot claim a deduction for this type of contribution unless the contributed interest includes restrictions preserving the entire exterior of the building (including front, sides, rear, and height) and prohibiting any change to the exterior of the building inconsistent with its historical character. If you claim a deduction for this type of contribution, you must include with your return:

- A signed copy of a qualified appraisal,
- Photographs of the entire exterior of the building, and
- A description of all restrictions on the development of the building. The description of the restrictions can be made by attaching a copy of the easement deed.

If you donate this type of property and claim a deduction of more than \$10,000, your deduction will not be allowed unless you pay a \$500 filing fee. See Form 8283-V and its instructions.

For more information about qualified conservation contributions, see Pub. 526 and Pub. 561, Determining the Value of Donated Property. Also see section 170(h), Regulations section 1.170A-14, and Notice 2004-41. Notice 2004-41, 2004-28 I.R.B. 31, is available at [www.irs.gov/irb/2004-28\\_IRB/ar09.html](http://www.irs.gov/irb/2004-28_IRB/ar09.html).

**Intellectual property.** The FMV of intellectual property must be reduced to figure the amount of your deduction, as explained earlier. Intellectual property means a patent, copyright (other than a copyright described in section 1221(a)(3) or 1231(b)(1)(C)), trademark, trade name,

trade secret, know-how, software (other than software described in section 197(e)(3)(A)(i)), or similar property, or applications or registrations of such property.

However, you may be able to claim additional charitable contribution deductions in the year of the contribution and later years based on a percentage of the donee's net income, if any, from the property. The amount of the donee's net income from the property will be reported to you on Form 8899, Notice of Income From Donated Intellectual Property. See Pub. 526 for details.

**Clothing and household items.** The FMV of used household items and clothing is usually much lower than when new. A good measure of value might be the price that buyers of these used items actually pay in consignment or thrift shops. You can also review classified ads in the newspaper or on the Internet to see what similar products sell for.

You cannot claim a deduction for clothing or household items you donate unless the clothing or household items are in good used condition or better. However, you can claim a deduction for a contribution of an item of clothing or household item that is not in good used condition or better if you deduct more than \$500 for it and include a qualified appraisal of it with your return.

#### Qualified Vehicle Donations

A qualified vehicle is any motor vehicle manufactured primarily for use on public streets, roads, and highways; a boat; or an airplane. However, property held by the donor primarily for sale to customers, such as inventory of a car dealer, is not a qualified vehicle.

If you donate a qualified vehicle with a claimed value of more than \$500, you cannot claim a deduction unless you attach to your return a copy of the contemporaneous written acknowledgment you received from the donee organization. The donee organization may use Copy B of Form 1098-C as the acknowledgment. An acknowledgment is considered contemporaneous if the donee organization furnishes it to you no later than 30 days after the:

- Date of the sale, if the donee organization sold the vehicle in an arm's length transaction to an unrelated party, or
- Date of the contribution, if the donee organization will not sell the vehicle before completion of a material improvement or significant intervening use, or the donee organization will give or sell the vehicle to a needy individual for a price significantly below FMV to directly further the organization's charitable purpose of relieving the poor and distressed or underprivileged who need a means of transportation.

For a donated vehicle with a claimed value of more than \$500, you can deduct the smaller of the vehicle's FMV on the date of the contribution or the gross proceeds received from the sale of the vehicle, unless an exception applies as explained below. Form 1098-C (or other acknowledgment) will show the gross proceeds from the sale if no exception applies. If the FMV of the vehicle was more than your cost or other basis, you may have to



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reduce the FMV to figure the deductible amount, as described under [Reductions to FMV](#), earlier.

If any of the following exceptions apply, your deduction is not limited to the gross proceeds received from the sale. Instead, you generally can deduct the vehicle's FMV on the date of the contribution if the donee organization:

- Makes a significant intervening use of the vehicle before transferring it,
- Makes a material improvement to the vehicle before transferring it, or
- Gives or sells the vehicle to a needy individual for a price significantly below FMV to directly further the organization's charitable purpose of relieving the poor and distressed or underprivileged who need a means of transportation.

Form 1098-C (or other acknowledgment) will show if any of these exceptions apply. If the FMV of the vehicle was more than your cost or other basis, you may have to reduce the FMV to figure the deductible amount, as described under [Reductions to FMV](#), earlier.

**Determining FMV.** A used car guide may be a good starting point for finding the FMV of your vehicle. These guides, published by commercial firms and trade organizations, contain vehicle sale prices for recent model years. The guides are sometimes available from public libraries or from a loan officer at a bank, credit union, or finance company. You can also find used car pricing information on the Internet.

An acceptable measure of the FMV of a donated vehicle is an amount not in excess of the price listed in a used vehicle pricing guide for a private party sale of a similar vehicle. However, the FMV may be less than that amount if the vehicle has engine trouble, body damage, high mileage, or any type of excessive wear. The FMV of a donated vehicle is the same as the price listed in a used vehicle pricing guide for a private party sale only if the guide lists a sales price for a vehicle that is the same make, model, and year, sold in the same area, in the same condition, with the same or similar options or accessories, and with the same or similar warranties as the donated vehicle.

**Example.** Neal donates his car, which he bought new in 2008 for \$20,000. A used vehicle pricing guide shows the FMV for his car is \$9,000. Neal receives a Form 1098-C showing the car was sold for \$7,000. Neal can deduct \$7,000 and must attach Form 1098-C to his return.

**More information.** For details, see Pub. 526 or Notice 2005-44. Notice 2005-44, 2005-25 I.R.B. 1287, is available at [www.irs.gov/irb/2005-25\\_IRB/ar09.html](http://www.irs.gov/irb/2005-25_IRB/ar09.html).

#### Additional Information

You may want to see Pub. 526 and Pub. 561. If you contributed depreciable property, see Pub. 544, Sales and Other Disposition of Assets.

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## Specific Instructions

**Identifying number.** Individuals must enter their social security number. All other filers should enter their employer identification number.

### Section A

#### Part I, Information on Donated Property

##### Line 1

**Column (b).** Check the box if the donated property is a qualified vehicle (defined earlier). If you are not attaching Form 1098-C (or other acknowledgment) to your return, enter the vehicle identification number (VIN) in the spaces provided below the checkbox.

You can find the VIN on the vehicle registration, the title, the proof of insurance, or the vehicle itself. Generally, the VIN is 17 characters made up of numbers and letters.

If the VIN has fewer than 17 characters, enter a zero in each of the remaining entry spaces to the left of the VIN. For example, if the VIN is "555555X555555," enter "0000555555X555555."

**Column (c).** Describe the property in sufficient detail. The greater the value of the property, the more detail you must provide. For example, a personal computer should be described in more detail than pots and pans.

If the donated property is a vehicle, give the year, make, model, condition, and mileage at the time of the donation (for example, "1963 Studebaker Lark, fair condition, 135,000 miles") regardless of whether you attach a Form 1098-C or other acknowledgment. If you do not know the actual mileage, use a good faith estimate based on car repair records or similar evidence.

For securities, include the following:

- Company name,
- Number of shares,
- Kind of security,
- Whether a share of a mutual fund, and
- Whether regularly traded on a stock exchange or in an over-the-counter market.

**Column (d).** Enter the date you contributed the property. If you made contributions on various dates, enter each contribution and its date on a separate row.

**Note.** If the amount you claimed as a deduction for the item is \$500 or less, you do not have to complete columns (e), (f), and (g).

**Column (e).** Enter the approximate date you acquired the property. If it was created, produced, or manufactured by or for you, enter the date it was substantially completed.

If you are donating a group of similar items and you acquired the items on various dates (but have held all the items for at least 12 months), you can enter "Various."

**Column (f).** State how you acquired the property. This could be by purchase, gift, inheritance, or exchange.

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**Column (g).** Do not complete this column for property held at least 12 months or publicly traded securities. Keep records on cost or other basis.

**Note.** If you have reasonable cause for not providing the information in columns (e) and (g), attach an explanation.

**Column (h).** Enter the FMV of the property on the date you donated it. You must attach a statement if:

- You were required to reduce the FMV to figure the amount of your deduction, or
- You gave a qualified conservation contribution for which you claimed a deduction of \$5,000 or less.

See [Fair Market Value \(FMV\)](#), earlier, for the type of statement to attach.

**Column (i).** Enter the method(s) you used to determine the FMV.

Examples of entries to make include "Appraisal," "Thrift shop value" (for clothing or household items), "Catalog" (for stamp or coin collections), or "Comparable sales" (for real estate and other kinds of assets). See Pub. 561.

#### Part II, Partial Interests and Restricted Use Property

If Part II applies to more than one property, attach a separate statement. Give the required information for each property separately. Identify which property listed in Part I the information relates to.

#### Lines 2a Through 2e

Complete lines 2a–2e only if you contributed less than the entire interest in the donated property during the tax year and claimed a deduction for it of \$5,000 or less. On line 2b, enter the amount claimed as a deduction for this tax year and in any prior tax years for gifts of a partial interest in the same property.

#### Lines 3a Through 3c

Complete lines 3a–3c only if you attached restrictions to the right to the income, use, or disposition of the donated property. An example of a "restricted use" is furniture that you gave only to be used in the reading room of an organization's library. Attach a statement explaining (1) the terms of any agreement or understanding regarding the restriction, and (2) whether the property is designated for a particular use.

#### Section B

Include in Section B only items (or groups of similar items) for which you claimed a deduction of more than \$5,000. File a separate Form 8283, Section B, for:

- Each donee, and
- Each item of property, except for an item that is part of a group of similar items.

#### Part I, Information on Donated Property

You must get a written appraisal from a qualified appraiser before completing Part I. However, see [Exceptions](#), below.

Generally, you do not need to attach the appraisals to your return but you should keep them for your records. But see [Art valued at \\$20,000 or more](#), [Clothing and household items not in good used condition](#), [Easements on buildings in historic districts](#), and [Deduction of more than \\$500,000](#), later.

**Exceptions.** You do not need a written appraisal if the property is:

1. Nonpublicly traded stock of \$10,000 or less,
2. A vehicle (including a car, boat, or airplane) if your deduction for the vehicle is limited to the gross proceeds from its sale,
3. Intellectual property (as defined earlier),
4. Certain securities considered to have market quotations readily available (see Regulations section 1.170A-13(c)(7)(xi)(B)),
5. Inventory and other property donated by a corporation that are "qualified contributions" for the care of the ill, the needy, or infants, within the meaning of section 170(e)(3)(A), or
6. Stock in trade, inventory, or property held primarily for sale to customers in the ordinary course of your trade or business.

Although a written appraisal is not required for the types of property just listed, you must provide certain information in Part I of Section B (see [Line 5](#)) and have the donee organization complete Part IV.

**Art valued at \$20,000 or more.** If your total deduction for art is \$20,000 or more, you must attach a complete copy of the signed appraisal. For individual objects valued at \$20,000 or more, a photograph must be provided upon request. The photograph must be of sufficient quality and size (preferably an 8 x 10 inch color photograph or a color transparency no smaller than 4 x 5 inches) to fully show the object.

**Clothing and household items not in good used condition.** You must include with your return a qualified appraisal of any single item of clothing or any household item that is not in good used condition or better for which you deduct more than \$500. The appraisal is required whether the donation is reportable in Section A or Section B. See [Clothing and household items](#), earlier.

**Easements on buildings in historic districts.** If you claim a deduction for a qualified conservation contribution of an easement on the exterior of a building in a registered historic district, you must include a signed copy of a qualified appraisal, photographs, and certain other information with your return. See [Easements on buildings in historic districts](#), under [Fair Market Value \(FMV\)](#), earlier.

**Deduction of more than \$500,000.** If you claim a deduction of more than \$500,000 for an item (or group of similar items) donated to one or more donees, you must attach a signed copy of a qualified appraisal of the property to your return unless an exception applies. See [Exceptions](#), earlier.



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#### Appraisal Requirements

The appraisal must be made by a qualified appraiser (defined later) in accordance with generally accepted appraisal standards. It also must meet the relevant requirements of Regulations section 1.170A-13(c)(3) and Notice 2006-96. Notice 2006-96, 2006-46 I.R.B. 902, is available at [www.irs.gov/irb/2006-46\\_IRB/ar13.html](http://www.irs.gov/irb/2006-46_IRB/ar13.html).

The appraisal must be made not earlier than 60 days before the date you contribute the property. You must receive the appraisal before the due date (including extensions) of the return on which you first claim a deduction for the property. For a deduction first claimed on an amended return, the appraisal must be received before the date the amended return was filed.

A separate qualified appraisal and a separate Form 8283 are required for each item of property except for an item that is part of a group of similar items. Only one appraisal is required for a group of similar items contributed in the same tax year, if it includes all the required information for each item. The appraiser may group similar items with a collective value appraised at \$100 or less.

If you gave similar items to more than one donee for which you claimed a total deduction of more than \$5,000, you must attach a separate form for each donee.

**Example.** You claimed a deduction of \$2,000 for books given to College A, \$2,500 for books given to College B, and \$900 for books given to a public library. You must attach a separate Form 8283 for each donee.

#### Line 4

Check only one box on line 4 of each Form 8283. Complete as many separate Forms 8283 as necessary so that only one box has to be checked on line 4 of each Form 8283.

**Vehicles.** If you check box “” to indicate the donated property is a vehicle, you must attach to your return a copy of Form 1098-C (or other acknowledgment) you received from the donee organization.

#### Line 5

You must complete at least column (a) of line 5 (and column (b) if applicable) before submitting Form 8283 to the donee. You may then complete the remaining columns.

**Column (a).** Provide a detailed description so a person unfamiliar with the property could be sure the property that was appraised is the property that was contributed. The greater the value of the property, the more detail you must provide.

For a qualified conservation contribution, describe the easement terms in detail, or attach a copy of the easement deed.

A description of donated securities should include the company name and number of shares donated.

**Column (c).** Include the FMV from the appraisal. If you were not required to get an appraisal, include the FMV you determine to be correct.

**Column (d).** If you are donating a group of similar items and you acquired the items on various dates (but have held all the items for at least 12 months), you can enter “Various.”

**Columns (d)–(f).** If you have reasonable cause for not providing the information in columns (d), (e), or (f), attach an explanation so your deduction will not automatically be disallowed.

For a qualified conservation contribution, indicate whether you are providing information about the underlying property or about the easement.

**Column (g).** A bargain sale is a transfer of property that is in part a sale or exchange and in part a contribution. Enter the amount received for bargain sales.

**Column (h).** Complete column (h) only if you were not required to get an appraisal, as explained earlier.

**Column (i).** Complete column (i) only if you were not required to get an appraisal, as explained earlier.

#### Part II, Taxpayer (Donor) Statement

Complete Section B, Part II, for each item included in Section B, Part I, that has an appraised value of \$500 or less. Because you do not have to show the value of these items in Section B, Part I, of the donee’s copy of Form 8283, clearly identify them for the donee in Section B, Part II. Then, the donee does not have to file Form 8282, Donee Information Return, for the items valued at \$500 or less. See the [Note](#) under *Part IV, Donee Acknowledgment*, for more details about filing Form 8282.

The amount of information you give in Section B, Part II, depends on the description of the donated property you enter in Section B, Part I. If you show a single item as “Property A” in Part I and that item is appraised at \$500 or less, then the entry “Property A” in Part II is enough. However, if “Property A” consists of several items and the total appraised value is over \$500, list in Part II any item(s) you gave that is valued at \$500 or less.

All shares of nonpublicly traded stock or items in a set are considered one item. For example, a book collection by the same author, components of a stereo system, or six place settings of a pattern of silverware are one item for the \$500 test.

**Example.** You donated books valued at \$6,000. The appraisal states that one of the items, a collection of books by author “X,” is worth \$400. On the Form 8283 that you are required to give the donee, you decide not to show the appraised value of all of the books. But you also do not want the donee to have to file Form 8282 if the collection of books is sold within 3 years after the donation. If your description of Property A on line 5 includes all the books, then specify in Part II the “collection of books by X included in Property A.” But if your Property A description is “collection of books by X,” the only required entry in Part II is “Property A.”

In the above example, you may have chosen instead to give a completed copy of Form 8283 to the donee. The

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donee would then be aware of the value. If you include all the books as Property A on line 5, and enter \$6,000 in column (c), you may still want to describe the specific collection in Part II so the donee can sell it without filing Form 8282.

#### Part III, Declaration of Appraiser

If you had to get an appraisal, you must get it from a qualified appraiser. A qualified appraiser is an individual who meets all the following requirements.

1. The individual either:
  - a. Has earned an appraisal designation from a recognized professional appraiser organization for demonstrated competency in valuing the type of property being appraised, or
  - b. Has met certain minimum education and experience requirements.
2. The individual regularly prepares appraisals for which he or she is paid.
3. The individual demonstrates verifiable education and experience in valuing the type of property being appraised. To do this, the appraiser can make a declaration that, because of his or her background, experience, education, and membership in professional associations, he or she is qualified to make appraisals of the type of property being valued. The declaration must be part of the appraisal. However, if the appraisal was already completed without this declaration, the declaration can be made separately and associated with the appraisal.
4. The individual has not been prohibited from practicing before the IRS under section 330(c) of title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.

In addition, the appraiser must complete Part III of Form 8283. See section 170(f)(11)(E), Notice 2006-96, and Regulations section 1.170A-13(c)(5) for details.

If you use appraisals by more than one appraiser, or if two or more appraisers contribute to a single appraisal, all the appraisers must sign the appraisal and Part III of Form 8283.

Persons who cannot be qualified appraisers are listed in the Declaration of Appraiser. Generally, a party to the transaction in which you acquired the property being appraised will not qualify to sign the declaration. But a person who sold, exchanged, or gave the property to you may sign the declaration if the property was donated within 2 months of the date you acquired it and the property's appraised value did not exceed its acquisition price.

An appraiser may not be considered qualified if you had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the property. An example of this is an agreement between you and the appraiser about the property value when you know that the appraised amount exceeds the actual FMV.

Usually, appraisal fees cannot be based on a percentage of the appraised value unless the fees were

paid to certain not-for-profit associations. See Regulations section 1.170A-13(c)(6)(ii).

**Identifying number.** The appraiser's taxpayer identification number (social security number or employer identification number) must be entered in Part III.

#### Part IV, Donee Acknowledgment

The donee organization that received the property described in Part I of Section B must complete Part IV. Before submitting page 2 of Form 8283 to the donee for acknowledgment, complete at least your name, identifying number, and description of the donated property (line 5, column (a)). If tangible property is donated, also describe its physical condition (line 5, column (b)) at the time of the gift. Complete Part II, if applicable, before submitting the form to the donee. See the instructions for Part II.

The person acknowledging the gift must be an official authorized to sign the tax returns of the organization, or a person specifically designated to sign Form 8283. When you ask the donee to fill out Part IV, you should also ask the donee to provide you with a contemporaneous written acknowledgment required by section 170(f)(8).

After completing Part IV, the organization must return Form 8283 to you, the donor. You must give a copy of Section B of this form to the donee organization. You may then complete any remaining information required in Part I. Also, the qualified appraiser can complete Part III at this time.

In some cases, it may be impossible to get the donee's signature on Form 8283. The deduction will not be disallowed for that reason if you attach a detailed explanation of why it was impossible.

**Note.** If it is reasonable to expect that donated tangible personal property will be used for a purpose unrelated to the purpose or function of the donee, the donee should check the "Yes" box in Part IV. In this situation, your deduction will be limited. In addition, if the donee (or a successor donee) organization disposes of the property within 3 years after the date the original donee received it, the organization must file Form 8282, Donee Information Return, with the IRS and send a copy to the donor. (As a result of the sale by the donee, the donor's contribution deduction may be limited or part of the prior year contribution deduction may have to be recaptured. See Pub. 526.) An exception applies to items having a value of \$500 or less if the donor identified the items and signed the statement in Section B, Part II, of Form 8283. See the instructions for Part II.

#### Failure To File Form 8283

Your deduction generally will be disallowed if you fail to:

- Attach a required Form 8283 to your return,
- Get a required appraisal and complete Section B of Form 8283, or
- Attach to your return a required appraisal of clothing or household items not in good used condition, an easement on a building in a registered historic district, or property for which you claimed a deduction of more than \$500,000. However, your deduction will not be disallowed if your failure was due to reasonable cause and not willful neglect

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or was due to a good-faith omission. If the IRS asks you to submit the form, you have 90 days to send a completed Section B of Form 8283 before your deduction is disallowed. However, your deduction will not be allowed if you did not get a required appraisal within the required period.

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**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

<b>Recordkeeping</b> . . . . .	19 min.
<b>Learning about the law or the form</b> . . . . .	29 min.
<b>Preparing the form</b> . . . . .	1 hr 4 min.
<b>Copying, assembling, and sending the form to the IRS</b> . . . . .	34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

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