

# **THE NATURE FOUNDATION OF WILL COUNTY**

## **GIFT ACCEPTANCE POLICIES AND GUIDELINES**

The Nature Foundation of Will County (Foundation), a not for profit organization organized under the laws of the State of Illinois, encourages the solicitation and acceptance of gifts to The Nature Foundation of Will County for purposes that will help the Foundation to further and fulfill its mission. The following policies and guidelines govern the acceptance of gifts made to the Foundation or for the benefit of any of its programs.

The Foundation is a 501(c)(3) charitable organization that was formed in 2010. The purpose of the Foundation is to support the Forest Preserve District of Will County's (District) public service functions by raising and administering funds to benefit the District. Fundraising programs and projects undertaken by the Foundation are to be consistent with the mission, statutory purpose and strategic or operational plans of the District.

The Foundation's mission is to create a legacy of giving that supports and celebrates the preservation, conservation, educational and recreational priorities of the District in perpetuity.

### **I. PURPOSE OF POLICY AND GUIDELINES**

The Foundation's Board of Directors solicits current and deferred gifts from individuals, corporations, organizations, and foundations to secure the future growth and achieve its mission. These policies and guidelines govern the acceptance of gifts by the Foundation and provide guidance to prospective donors and their advisors when making gifts. The provisions in these policies shall apply to all gifts received by the Foundation for any of its programs or services.

### **II. USE OF LEGAL COUNSEL**

The Foundation shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:

- a. Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- b. Documents naming the Foundation as Trustee.
- c. Gifts involving contracts, such as bargain sales or other documents requiring the Foundation to assume an obligation.
- d. Transactions with potential conflict of interest that may involve IRS sanctions.
- e. Other instances in which use of counsel is deemed appropriate by the Fundraising and Projects Committee, the Finance Committee, and/or the Board.

### **III. CONFLICT OF INTEREST**

The Foundation will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences. The Foundation will comply with the Model Standards of Practice for the

Charitable Gift Planner promulgated by the National Committee on Planned Giving, included in the appendix.

#### **IV. RESTRICTIONS ON GIFTS**

The Foundation will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes, and priorities. The Foundation will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside of the mission of the Foundation. All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board.

#### **V. AUTHORITY TO NEGOTIATE**

The Foundation's Executive Director, Chair and the Fundraising and Projects Committee will have the overall authority to handle inquiries, negotiate with donors, assemble documentation, retain expert and technical consultants, and execute agreements on behalf of the Foundation. Assuming such activities follow approved policies and procedures and assuming such agreements are approved by the Foundation's legal counsel, if appropriate, this authority to act will not require review or further approval by the Board.

#### **VI. THE FUNDRAISING AND PROJECTS COMMITTEE**

The Fundraising and Projects Committee shall consist of:

- 1 Chair (voting board member; 2 year term; up to 3 consecutive terms)
- 1 Vice-Chair (voting board member; 2 year term; up to 3 consecutive terms)
- 4 to 6 Members (board members, volunteers, others with fundraising experience; 1 or 2 year term; up to 5 consecutive terms)

The purpose of the Fundraising and Projects Committee is to lead the board in efforts that attract money and services needed to carry out the mission of the Foundation. This committee will oversee all fundraising activities and efforts. This committee may be divided into sub-committees that work together to achieve this goal. This committee reports directly to the Board of Directors.

#### **VII. DONOR RECOGNITION**

The-Foundation recognizes the paramount role of donors and their gifts in achieving its mission. In carrying out the Foundation's development program, it will recognize and acknowledge donors in appropriate ways both publically and privately, subject to the confidentiality provisions in section "VIII. Confidentiality." The Foundation will establish appropriate and ongoing programs and systems for educating and informing donors and prospective donors about the Foundation, its activities, and the charitable needs of the Forest Preserve District.

#### **VIII. CONFIDENTIALITY**

All agreements with donors and all information concerning donors and prospective donors shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by governing agencies and courts. All other requests for releases of information concerning a donor will be honored or allowed if permission is obtained from the donor prior to the release of such information.

## **IX. TYPES OF GIFTS**

Gifts to the Foundation may take a variety of forms. Many are outright gifts by living donors whether on a one-time or periodic basis. Others are bequests and testamentary gifts that take effect upon the donor's death. Some are other forms of deferred or split-interest gifts.

A. The following gifts are acceptable:

1. Cash
2. Tangible Personal Property
3. Securities
4. Real Estate
5. Remainder Interests in Property
6. Oil, Gas, and Mineral Interests
7. Bargain Sales
8. Life Insurance
9. Charitable Gift Annuities
10. Charitable Remainder Trusts
11. Charitable Lead Trusts
12. Retirement Plan Beneficiary Designations
13. Bequests
14. Life Insurance Beneficiary Designations

B. The following criteria govern the acceptance of each gift form:

1. **Cash**: Cash is acceptable in any form. Checks shall be made payable to the Foundation and shall be delivered to 17540 W. Laraway Road, Joliet, Illinois 60433 in the Foundation's administrative offices. At no time shall a check be made payable to an individual who represents the Foundation.
2. **Tangible Personal Property**: All other gifts of tangible personal property shall be examined in light of the following criteria:
  - i. Does the property fulfill the mission of the Foundation?
  - ii. Is the property marketable?
  - iii. Are there any undue restrictions on the use, display, or sale of the property?
  - iv. Are there any carrying costs for the property?

The final determination on the acceptance of other tangible personal property gifts shall be made by the Fundraising and Projects Committee with concurrence of the Finance Committee.

3. **Securities:** The Foundation can accept both publicly traded securities and closely held securities.
  - i. **Publicly Traded Securities:** The Foundation will accept gifts of publicly-traded stocks and bonds at fair market value as determined under IRS rules. Marketable securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt and the fund designated to receive the gift will be credited with the proceeds from the sale, after commissions and expenses, if any, unless otherwise directed by the Board of Directors. In some cases marketable securities may be restricted by applicable securities laws; in such instances the final determination on the acceptability of the restricted securities shall be made by the Fundraising and Projects Committee with concurrence of the Finance Committee.
  - ii. **Closely Held Securities:** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in LLPs, and LLCs or other ownership forms, can be accepted subject to the approval of the Fundraising and Projects Committee with concurrence of the Finance Committee. However, gifts must be reviewed prior to acceptance to determine that:
    - a. There are no restrictions on the security that would prevent the Foundation from ultimately converting those assets to cash,
    - b. The security is marketable, and
    - c. The security will not generate any undesirable tax consequences for the Foundation.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Fundraising and Projects Committee, the Finance Committee, legal counsel when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

4. **Real Estate:** Gifts of real estate may include developed property, undeveloped property, interest in a developed property, or gifts subject to a prior life interest. Prior to acceptance of real estate, the Foundation shall require an initial environmental review of the property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential

problem, the Foundation shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor. In the event that the Foundation intends to convey the property to the District, the District will engage in its own environmental review process. Any costs associated with this process shall generally be at the expense of the donor.

When appropriate, a title search shall be obtained by the Foundation prior to the acceptance of the real property gift. The cost of the title search shall generally be an expense of the donor.

Prior to acceptance of real property, the gift shall be approved by the Fundraising and Projects Committee, the Finance Committee, and by the Foundation's legal counsel. Criteria for acceptance of property shall include:

- Is the property useful for the purposes of the Foundation?
- Is the property marketable?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

5. **Remainder Interests in Property:** The Foundation will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of paragraph 4 above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, the Foundation may use the property or reduce it to cash. Where the Foundation receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness are to be paid by the donor or primary beneficiary. As a remainder interest owner, the Foundation shall not be responsible for any cost or expense associated with the property.
6. **Oil, Gas, and Mineral Interests:** The Foundation may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest the gift shall be approved by the Board of Directors and by legal counsel. Criteria for acceptable of the property shall include:
  - i. Gifts of surface rights should have a value of \$20,000 or greater.
  - ii. Gifts of oil, gas and mineral interests should generate at least \$3,000 per year in royalties or other income (as determined by the average of three years prior to the gift).
  - iii. The property should not have extended liabilities or other considerations that make receipt of the gift in appropriate.

- iv. A working interest is rarely accepted. A working interest may only be accepted where there is a plan to minimize potential liability and tax consequences.
  - v. The property should undergo an environmental review to ensure that the Foundation has not current or potential exposure to environmental liability.
7. **Bargain Sales:** A “bargain sale” is a sale of property to the Foundation for an amount less than the property’s current fair market value. The excess of the value over sales price represents a contribution. The Foundation will enter into a bargain sale arrangement in instances in which the bargain sale furthers the mission and purposes of the Foundation. All bargain sales must be reviewed and approved by the Board of Directors. If there is an expectation that the District is party to a bargain sale, such sales require review and approval by the Board of Commissioners. Factors used in determining the appropriateness of the transaction include:
- i. The Foundation must obtain an independent appraisal substantiating the value of the property.
  - ii. If the Foundation assumes debt with the property, the debt ratio must be less than 50% of the appraised market value.
  - iii. The Foundation must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
  - iv. The Foundation must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.
8. **Life Insurance:** The Foundation may accept various types of life insurance including whole life, universal life and variable life. Generally, term policies are not accepted. The Foundation must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, the Foundation will include the entire amount of the additional premium payment as a gift in the year that it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, the Foundation may:
- i. Continue to pay the premiums
  - ii. Convert the policy to paid up insurance, or
  - iii. Surrender the policy for its current cash value
9. **Charitable Gift Annuities:** A charitable gift annuity is a contract (not a "trust"), under which a charity, in return for a transfer of cash, marketable securities or other assets, agrees to pay a fixed amount of money to one or two individuals, for

their lifetime. The individual who receives payments is called an "annuitant" or "beneficiary." The payments are fixed and unchanged for the term of the contract. A portion of the payments are considered to be a partial tax-free return of the donor's gift, which are spread in equal payments over the life expectancy of the annuitant(s). The contributed property (the gift), given irrevocably, becomes a part of the charity's assets, and the payments are a general obligation of the charity. The annuity is backed by the charity's entire assets, not just by the property contributed. Annuity payments continue for the life/lives of the annuitant(s) no matter what the investment experience of the gift annuity fund.

The Foundation may offer charitable gift annuities. The minimum gift for funding is \$5,000. The Board of Directors may make exceptions to this minimum. The minimum age for life income beneficiaries of a gift annuity shall be 55. Where a deferred annuity is offered, the minimum age for life income beneficiaries shall be 45. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual, or annual schedule. The Board of Directors may approve exceptions to this payment schedule.

The Foundation will not accept real estate, tangible personal property, or any other illiquid asset in exchange for current charitable gift annuities. The Foundation may accept real estate, tangible personal property, or other illiquid assets in exchange for deferred gift annuities so long as there is at least a 5 year period before the commencement of the annuity payment date, the value of property is reasonably certain, and the Board of Directors approves the arrangement.

Funds contributed in exchange for a gift annuity shall be set aside and invested during the term of the annuity payments. Once those payments have terminated, the funds representing the remaining principal contributed in exchange for the gift annuity shall be transferred to the Foundation general endowment funds, or to such specific fund as designated by the donor.

10. **Charitable Remainder Trusts:** The Foundation may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Board of Director. The Board of Directors will not accept an appointment of Trustee of a charitable remainder trust.
11. **Charitable Lead Trusts:** The Foundation may accept a designation as income beneficiary of a charitable lead trust. The Board of Directors will not accept an appointment of Trustee of a charitable lead trust.
12. **Retirement Plan Beneficiary Designations:** Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary of the retirement plans. Such designations will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable,

but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

13. **Bequests:** Donors and supporters of the Foundation will be encouraged to make bequests to the Foundation under their wills and trusts. Such bequests will not be recorded as gifts to the Foundation until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of the gift may be recorded at the time the gift becomes irrevocable.
14. **Life Insurance Beneficiary Designations:** Donors and supporters of the Foundation will be encouraged to name the Foundation as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to the Foundation until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

## **X. MISCELLANEOUS PROVISIONS**

- A. **Naming rights for Forest Preserve property and facilities:** Any requests for naming rights for new or existing Forest Preserve District properties and facilities will be considered in accordance with the Forest Preserve District's Resolution #08-57, the Property and Facility Naming Policy of the Forest Preserve District of Will County, or subsequent Property and Facility Naming Policies, as amended. A copy is provided in the appendix.
- B. **Securing appraisals and legal fees for gifts to the Foundation:** It will be the responsibility of the donor to secure an appraisal (where required) and independent tax and legal counsel for all gifts made to the Foundation.
- C. **Valuation of gifts for development purposes:** The Foundation will record a gift received by the Foundation at its valuation for gift purposes on the date of gift.
- D. **Responsibility for IRS Filings upon sale of gift items:** The Board of Directors is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by the Foundation when the charitable deduction value of the item is more than \$5,000. Donee organizations use form 8282 to report information to the IRS and donors about dispositions of certain charitable deduction property made within three years after the donor contributed the property. The Foundation must file this form within 125 days of the date of sale or disposition of the asset.
- E. **Tax deductibility of gifts:** The amount of allowable deduction for each gift will subject to the IRS rules related to the type of gift accepted. The Foundation will not provide tax or legal advice. It is the responsibility of the donor to ensure the validity of any deduction they may claim.



Acknowledgement of all gifts made to the Foundation and compliance with the current IRS requirements and acknowledgement of such gifts shall be the responsibility of the Board of Directors of the Foundation. IRS Publication 561 *“Determining the Value of Donated Property”* included in the appendix.

## **XI. CHANGES TO GIFT ACCEPTANCE POLICY**

This policy has been reviewed and accepted by the Board of Directors of The Nature Foundation of Will County. The Board of Directors must approve any changes to or deviations from these policies.

Approved on the 20<sup>th</sup> day of May, 2015.

Amended on the 22<sup>nd</sup> day of January, 2019

## **APPENDIX\***

1. Model Standards of Practice of the Charitable Gift Planner
2. A Donor Bill of Rights
3. District Property and Facility Naming Policy, Resolution #08-57 and 2008 Administrative Procedures
4. Environmental Interview Form
5. IRS Publication 561 Determining the Value of Donated Property

# MODEL STANDARDS OF PRACTICE

## For the Charitable Gift Planner



NATIONAL ASSOCIATION of  
**Charitable Gift Planners**

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A code of ethical practice for all professionals who work together to structure gifts that balance the interests of the donor and the purposes of the charitable institution.

## **PREAMBLE**

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as “Gift Planners”), and by the institutions that these persons represent. This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and as such often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

## **I. PRIMACY OF PHILANTHROPIC MOTIVATION**

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

## **II. EXPLANATION OF TAX IMPLICATIONS**

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

## **III. FULL DISCLOSURE**

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

## **IV. COMPENSATION**

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

## **V. COMPETENCE AND PROFESSIONALISM**

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

## **VI. CONSULTATION WITH INDEPENDENT ADVISORS**

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisors of the donor's choice.

## **VII. CONSULTATION WITH CHARITIES**

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planners, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planners shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

## **VIII. DESCRIPTION AND REPRESENTATION OF GIFT**

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

## **IX. FULL COMPLIANCE**

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

## **X. PUBLIC TRUST**

Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain. Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999.

# A DONOR BILL OF RIGHTS

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## DEVELOPED BY:



Association of Fundraising  
Professionals (AFP)



Association for Healthcare  
Philanthropy (AHP)



Council for Advancement and  
Support of Education (CASE)



Giving Institute: Leading  
Consultants to Non-Profits

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**PHILANTHROPY** is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

## I

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

## II

To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

## III

To have access to the organization's most recent financial statements.

## IV

To be assured their gifts will be used for the purposes for which they were given.

## V

To receive appropriate acknowledgement and recognition.

## VI

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

## VII

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

## VIII

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

## IX

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

## X

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

## **ENVIRONMENTAL INTERVIEW FORM – GIFT OF REAL ESTATE**

*This interview is designed for use with current and/or prior owners or managers of the property.*

Date of Interview	
Interviewer	
Relation to Property	
PIN	
Legal Description	
Taxes	
Current Use	
Buildings/Age of Buildings	
Type of Property or Zoning	<input type="checkbox"/> Agricultural <input type="checkbox"/> Commercial <input type="checkbox"/> Residential <input type="checkbox"/> Timber <input type="checkbox"/> Manufacturing <input type="checkbox"/> Undeveloped Land <input type="checkbox"/> Other _____
How long have they owned the property and who was the previous owner? How long have they owned the property?	
Indicate prior uses of the property.	
If agricultural use, was bio-sludge ever allowed?	
Are there any known old dumps, especially farm refuse?	
For each use, has an environmental license or permit ever been issued?	
Are you aware of any environmentally sensitive situations on the property? If so, describe.	
Have there been any complaints or citations or actions through IEPA or Will County Land Use for dumping/clean up? If so, describe.	
Are there any oil, fuel or chemical storage tanks on the property located above or below ground? _	
Has an environmental assessment been previously conducted? If yes, provide a copy of the report.	

If available, attach maps or surveys that describe the property to this questionnaire.

If the property is leased or licensed, attach a copy of the lease or license to assist in determining whether the tenant may sublet any rights.

If you are unable to furnish the information requested above, please advise us if there is a reliable source that may be able to furnish this information.

**PROPERTY INSPECTION CHECKLIST**  
**CURRENT ENVIRONMENTAL CONDITIONS**

Name of Inspector	
Date of Inspection	
Owner of Property	
Location of Property	
Estimated Size	
Current Use	
Number of Years the current use has been in effect	
Brief history of property use (list past use and former tenants and sources of information)	

**ENVIRONMENTAL SITE INSPECTION CHECKLIST**

I. An on-site inspection revealed the following:

	Yes	No
Stressed or denuded vegetation or unusual barren areas		
Discoloration, oil sheens or foul/unusual odors in water		
Dump site		
Tire/battery/chemical storage or disposal		
Storage drums		
Above or below ground storage tanks, vent or filler pipes		
Evidence of petroleum or oil products		
Evidence of PCBs (electrical transformers, capacitors)		
Subject or adjoining property used for industrial purposes		
Existing Structures		
<i>Evidence of chemical spills/leaks. If yes, describe.</i>		
<i>Evidence of asbestos. If yes, describe.</i>		
<i>Any source of air emission. If yes, describe.</i>		
Does property appear on National/State Hazardous Site list?		
Does property appear on State list as a dump?		
Does property appear on State list for underground storage tanks?		



II. ( ) Based on the evaluation of known, discovered or observed environmental factors, there is no evidence of environmental contamination on this or neighboring properties, and no further action is recommended.

( ) Based on the evaluation of known, discovered or observed environmental factors, there is evidence of possible environmental contamination on this or neighboring properties and further investigation is recommended. ***(Complete “Evaluation of Known Environmental Factors Form” if this block is checked.)***

_____	_____	_____
Person Completing Form	Title	Date
_____	_____	_____
Acceptance of Form Approved By	Title	Date

## **EVALUATION OF KNOWN ENVIRONMENTAL FACTORS**

Check the appropriate response to each statement based on all sources of information, including the Environmental Site Inspection Checklist.

	<b>Yes</b>	<b>No</b>
This property (or adjacent property) appears on federal, state or other environmental agency list of sites identified for environmental investigation or cleanup.		
This property is developed and used for an industrial or manufacturing purpose.		
This property is undeveloped land used for landfill or waste dump purpose.		
The prior, current or proposed use of this property involves the generation, storage, treatment or disposal of any potentially hazardous materials, oil/petroleum products or other substances regulated by environmental laws and agencies.  Specify:		
Activities on adjacent properties may have contributed to the environmental contamination of the subject property.		
This property is near a flood plain, wetland or ecologically sensitive area.		
The Environmental Site Inspection revealed evidence of possible environmental contamination.		
The donor has revealed potential sources or causes of environmental contamination.		
This property is used for agricultural purposes.		

- ( ) Based on the evaluation of known environmental factors, there is no evidence of possible environmental contamination on this or neighboring properties and no further action is recommended.
- ( ) Based on the evaluation of known environmental factors, there is evidence of possible environmental contamination on this or neighboring properties and further investigation is recommended.

Recommendations: \_\_\_\_\_

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Person Completing Form

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Title

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Date

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Acceptance of Form Approved By

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Title

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Date

**RESOLUTION UPDATING THE PROPERTY AND FACILITY NAMING  
POLICY OF THE FOREST PRESERVE DISTRICT OF WILL COUNTY**

WHEREAS, from time to time the Forest Preserve District of Will County (District) has deemed it appropriate and necessary to develop or update specific statements of policy; and

WHEREAS, such policies are intended to direct the operations and management of the District; and

WHEREAS, the District has determined that such an updated policy is appropriate and necessary regarding the naming of properties and/or facilities owned, leased, and managed by the District.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Forest Preserve District of Will County, Illinois, as follows:

SECTION I. That the Forest Preserve District of Will County shall name properties and facilities in accordance with guidelines and criteria outlined in the Executive Director's Administrative Procedures.

SECTION II. That approval of any and all names which are consistent with the Administrative Procedures shall be made by the Board of Commissioners after review and recommendation by the Operations Committee of the Forest Preserve District of Will County.

SECTION III. That consideration by the Board of Commissioners and Operations Committee shall be made as part of: a Forest Preserve or Greenway Master Plan approval; an annual evaluation and recommendations made by the Executive Director; as part of a letter of intent to donate or a bargain land sale contract; or in response to a specific written request received by the President or Executive Director of the Forest Preserve District of Will County.

SECTION IV. That names already approved by the Board shall require a two-thirds vote of the Board (18) to rename.

SECTION V. That this policy shall be in effect immediately upon passage of this Resolution and replace the previous policy (Resolution #03-17).

Resolution #08-57  
Page 2

Passed this 11<sup>th</sup> day of September, 2008.



CORY S. SINGER, President  
Board of Commissioners  
Forest Preserve District  
of Will County

ATTEST:



LEE ANN GOODSON, Secretary  
Board of Commissioners  
Forest Preserve District  
of Will County

Aye: 25  
Nay: 0  
Pass: 0

# **District Property and Facility Naming Policy 2008 Administrative Procedures**

**Updated September 2008**



**Planning and Development Department  
Forest Preserve District of Will County**

## **1.0 Purpose and Administration**

The Forest Preserve District of Will County (District) currently owns, leases, and manages over 20,000 acres of land located in over 75 distinct preserves or easements throughout the county. From time to time, it is necessary and appropriate to provide properties and facilities with specific names to:

- a. Identify and distinguish one property from another;
- b. Facilitate collection and coalition of information and data; and/or
- c. Provide direction and information to users.

The purpose of these Administrative Procedures is to provide guidelines and criteria to be used to implement the District's Property and Facility Naming Policy (Resolution No. 08-57) when assigning specific names to properties or facilities. The Executive Director shall be responsible for administration and upkeep of these Procedures.

## **2.0 Naming of Properties and Facilities**

The District will name properties and /or facilities in the following manner:

### **2.1 Properties**

Preserves are unique assemblages of properties into distinct units, and shall be named:

- a. For the significant natural, geographic, recreational, or cultural features located or found on or near the property;
- b. For historical events that occurred on the property;
- c. In honor of an individual or family of historic significance or who was instrumental in the preservation of the property;
- d. After traditional, local name, or previous name of the property prior to District ownership; and/or
- e. On a case by case basis as determined by the Operations Committee or Board.

All properties dedicated as Illinois Nature Preserves shall include the phrase "Nature Preserve" in the title.

### **2.2 Facilities**

Facilities include use or access areas, buildings, or site amenities that are a specific, distinguishable portion of a preserve. These facilities shall be named:

- a. For specific natural, geographic, recreational, cultural, or historic feature, event, or individual associated with the site, preserve, or vicinity; or
- b. In honor of an individual or family name:



Department  
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Internal  
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Service

## Publication 526

Cat. No. 15050A

# Charitable Contributions

For use in preparing

## 2020 Returns

## Contents

What's New	1
Reminders	1
Introduction	2
Organizations That Qualify To Receive Deductible Contributions	2
Contributions You Can Deduct	3
Contributions You Can't Deduct	7
Contributions of Property	8
When To Deduct	14
Limits on Deductions	14
Substantiation Requirements	20
How To Report	22
How To Get Tax Help	23
Index	26

## Future Developments

For the latest information about developments related to Pub. 526 (such as legislation enacted after we release it), go to [IRS.gov/Pub526](https://www.irs.gov/pub526).

## What's New

**Cash contributions if you don't itemize deductions.** If you don't itemize your deductions on Schedule A (Form 1040), you may qualify to take a deduction for contributions of up to \$300. See [Cash contributions for individuals who do not itemize deductions](#), later.

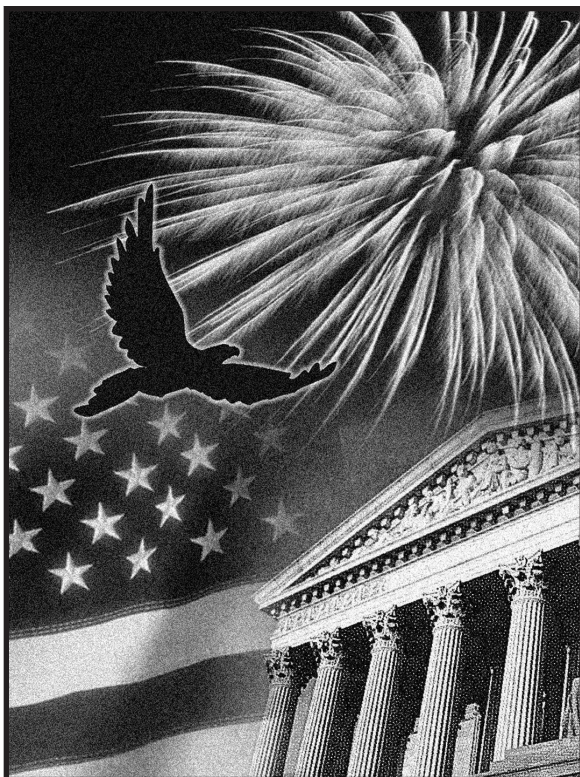
**Temporary suspension of limits for cash contributions.** Certain cash contributions you made are not subject to the 60% limit for cash contributions. See [Qualified cash contributions for 2020](#), later.

**Temporary increase in limits on contributions of food inventory.** The limit on contributions of food inventory has increased from 15% to 25% for business taxpayers. See [Food Inventory](#), later.

## Reminders

**Disaster relief.** You can deduct contributions for flood relief, hurricane relief, or other disaster relief to a qualified organization (defined under [Organizations That Qualify To Receive Deductible Contributions](#)). However, you can't deduct contributions earmarked for relief of a particular individual or family. See Pub. 976, Disaster Relief, for more information.

Pub. 3833, Disaster Relief, Providing Assistance Through Charitable Organizations, has more information about disaster relief, including



Get forms and other information faster and easier at:

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- [IRS.gov/Chinese](https://www.irs.gov/chinese) (中文)
- [IRS.gov/Vietnamese](https://www.irs.gov/vietnamese) (Tiếng Việt)



how to establish a new charitable organization. You can also find more information on [IRS.gov](https://www.irs.gov). Enter “disaster relief” in the search box.

**Qualified disaster area.** A 2020 qualified disaster area is any area in which a major disaster was declared before February 26, 2021, by the President under section 401 of the Stafford Act and that occurred after December 27, 2019, and before December 28, 2020. However, a qualified disaster area doesn’t include any area declared a disaster only because of the Coronavirus Disease (COVID-19). See [Temporary suspension of limits](#), later, for additional information about 2018 and 2019 disasters.

**Temporary suspension of limits.** Certain cash contributions you made for relief efforts for 2018 and 2019 disasters are not subject to the 60% limit for cash contributions. See [Qualified contributions for relief efforts for 2018 and 2019 disasters](#), later.

**Virginia Beach Strong Act.** A special rule applies to cash contributions made on or after May 31, 2019, and before June 1, 2021, for the relief of the families of dead or wounded victims of the mass shooting in Virginia Beach, Virginia, on May 31, 2019. See [Contributions You Can Deduct](#), later.

**Reduced deductibility of state and local tax credits.** If you make a payment or transfer property to or for the use of a qualified organization and you receive or expect to receive a state or local tax credit or a state or local tax deduction in return, your charitable contribution deduction may be reduced. See [State or local tax credit](#), later.

**Photographs of missing children.** The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](#). Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 800-THE-LOST (800-843-5678) or visiting [www.missingkids.com](http://www.missingkids.com) if you recognize a child.

## Introduction

This publication explains how individuals claim a deduction for charitable contributions. It discusses the types of organizations to which you can make deductible charitable contributions and the types of contributions you can deduct. It also discusses how much you can deduct, what records you must keep, and how to report charitable contributions.

A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value.

**Qualified organizations.** Qualified organizations include nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals. You will find descriptions of these organizations under [Organizations That Qualify To Receive Deductible Contributions](#).

**Schedule A (Form 1040) required.** Generally, to deduct a charitable contribution, you must itemize deductions on Schedule A (Form 1040). The amount of your deduction may be

limited if certain rules and limits explained in this publication apply to you.

**Exception:** You may be eligible to deduct a cash contribution even if you don’t itemize deductions on Schedule A (Form 1040). See [Cash contributions for individuals who do not itemize deductions](#), next.

**Cash contributions for individuals who do not itemize deductions.** For tax years beginning in 2020, cash contributions up to \$300 can be claimed on Form 1040 or 1040-SR, line 10b. Enter the total amount of your contribution on line 10b. Don’t enter more than:

- \$300 if single, head of household, or qualifying widow(er);
- \$300 if married filing jointly; or
- \$150 if married filing separately.

In order to claim the contribution, you must meet the following requirements.

1. You cannot itemize deductions on Schedule A (Form 1040); and
2. The charitable contribution must be:
  - a. Paid in cash or by check.
  - b. Be paid to an organization described later under [First category of qualified organizations \(50% limit organizations\)](#) (other than certain private foundations described in section 509(a)(3) or for the establishment of a new, or maintenance of an existing, donor advised fund as described in section 4966(d)(2)).

Contributions of noncash property and contributions carried forward from prior years don’t qualify for this deduction.

For records you must keep, see [Substantiation Requirements](#), later.

**Note.** You cannot claim the deduction on Form 1040 or 1040-SR, line 10b, and file Schedule A (Form 1040). You may benefit from itemizing deductions if your itemized deductions are greater than the standard deduction. If you have a choice, you should generally use the method that gives you the lower tax.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](#). Or, you can write to: Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can’t respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. Do **not** send tax questions, tax returns, or payments to the above address.

**Getting answers to you tax questions.** If you have a tax question not answered by this publication or the [How To Get Tax Help](#) section at the end of this publication, go to the IRS Interactive Tax Assistant page at [IRS.gov/Help/ITA](#) where you can find topics by using the search feature or viewing the categories listed.

**Getting tax forms, instructions, and publications.** Visit [IRS.gov/Forms](#) to download current and prior-year forms, instructions, and publications.

**Ordering tax forms, instructions, and publications.** Go to [IRS.gov/OrderForms](#) to order current forms, instructions, and publications; call 800-829-3676 to order prior-year forms and instructions. The IRS will process your order for forms and publications as soon as possible. Do not resubmit requests you’ve already sent us. You can get forms and publications faster online.

## Useful Items

You may want to see:

### Publication

- ☐ **561** Determining the Value of Donated Property
- ☐ **976** Disaster Relief

### Forms (and Instructions)

- ☐ **Schedule A (Form 1040)** Itemized Deductions
- ☐ **8283** Noncash Charitable Contributions

See [How To Get Tax Help](#) near the end of this publication for information about getting these publications and forms.

## Organizations That Qualify To Receive Deductible Contributions

You can deduct your contributions only if you make them to a qualified organization.

**How to check whether an organization can receive deductible charitable contributions.** You can ask any organization whether it is a qualified organization, and most will be able to tell you. You can also check by going to [IRS.gov/TEOS](#). This online tool will enable you to search for qualified organizations.

## Types of Qualified Organizations

Generally, only the following types of organizations can be qualified organizations.

1. A community chest, corporation, trust, fund, or foundation organized or created in or under the laws of the United States, any state, the District of Columbia, or any possession of the United States (including Puerto Rico). It must, however, be organized and operated only for charitable, religious, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Certain organizations that foster national or international amateur sports competition also qualify.
2. War veterans’ organizations, including posts, auxiliaries, trusts, or foundations,

organized in the United States or any of its possessions (including Puerto Rico).

3. Domestic fraternal societies, orders, and associations operating under the lodge system. (Your contribution to this type of organization is deductible only if it is to be used solely for charitable, religious, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals.)
4. Certain nonprofit cemetery companies or corporations. (Your contribution to this type of organization isn't deductible if it can be used for the care of a specific lot or mausoleum crypt.)
5. The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions. (Your contribution to this type of organization is deductible only if it is to be used solely for public purposes.)

**Example 1.** You contribute cash to your city's police department to be used as a reward for information about a crime. The city police department is a qualified organization, and your contribution is for a public purpose. You can deduct your contribution.

**Example 2.** You make a voluntary contribution to the social security trust fund, not earmarked for a specific account. Because the trust fund is part of the U.S. Government, you contributed to a qualified organization. You can deduct your contribution.

**Examples.** The following list gives some examples of qualified organizations.

- Churches, a convention or association of churches, temples, synagogues, mosques, and other religious organizations.
- Most nonprofit charitable organizations such as the American Red Cross and the United Way.
- Most nonprofit educational organizations, including the Boy Scouts of America, Girl Scouts of America, colleges, and museums. This also includes nonprofit daycare centers that provide childcare to the general public if substantially all the childcare is provided to enable parents and guardians to be gainfully employed. However, if your contribution is a substitute for tuition or other enrollment fee, it isn't deductible as a charitable contribution, as explained later under [Contributions You Can't Deduct](#).
- Nonprofit hospitals and medical research organizations.
- Utility company emergency energy programs, if the utility company is an agent for a charitable organization that assists individuals with emergency energy needs.
- Nonprofit volunteer fire companies.
- Nonprofit organizations that develop and maintain public parks and recreation facilities.
- Civil defense organizations.

**Table 1. Examples of Charitable Contributions—A Quick Check**

Use the following lists for a quick check of whether you can deduct a contribution. See the rest of this publication for more information and additional rules and limits that may apply.

Deductible As Charitable Contributions	Not Deductible As Charitable Contributions
<p>Money or property you give to:</p> <ul style="list-style-type: none"> <li>• Churches, synagogues, temples, mosques, and other religious organizations</li> <li>• Federal, state, and local governments, if your contribution is solely for public purposes (for example, a gift to reduce the public debt or maintain a public park)</li> <li>• Nonprofit schools and hospitals</li> <li>• The Salvation Army, American Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts of America, Girl Scouts of America, Boys and Girls Clubs of America, etc.</li> <li>• War veterans' groups</li> </ul> <p>Expenses paid for a student living with you, sponsored by a qualified organization</p> <p>Out-of-pocket expenses when you serve a qualified organization as a volunteer</p>	<p>Money or property you give to:</p> <ul style="list-style-type: none"> <li>• Civic leagues, social and sports clubs, labor unions, and chambers of commerce</li> <li>• Foreign organizations (except certain Canadian, Israeli, and Mexican charities)</li> <li>• Groups that are run for personal profit</li> <li>• Groups whose purpose is to lobby for law changes</li> <li>• Homeowners' associations</li> <li>• Individuals</li> <li>• Political groups or candidates for public office</li> </ul> <p>Cost of raffle, bingo, or lottery tickets</p> <p>Dues, fees, or bills paid to country clubs, lodges, fraternal orders, or similar groups</p> <p>Tuition</p> <p>Value of your time or services</p> <p>Value of blood given to a blood bank</p>

**Canadian charities.** You may be able to deduct contributions to certain Canadian charitable organizations covered under an income tax treaty with Canada. To deduct your contribution to a Canadian charity, you must generally have income from sources in Canada. See Pub. 597, Information on the United States–Canada Income Tax Treaty, for information on how to figure your deduction.

**Mexican charities.** Under the U.S.–Mexico income tax treaty, a contribution to a Mexican charitable organization may be deductible, but only if and to the extent the contribution would have been treated as a charitable contribution to a public charity created or organized under U.S. law. To deduct your contribution to a Mexican charity, you must have income from sources in Mexico. The limits described in [Limits on Deductions](#), later, apply and are figured using your income from Mexican sources.

**Israeli charities.** Under the U.S.–Israel income tax treaty, a contribution to an Israeli charitable organization is deductible if and to the extent the contribution would have been treated as a charitable contribution if the organization had been created or organized under U.S. law. To deduct your contribution to an Israeli charity, you must have income from sources in Israel. The limits described in [Limits on Deductions](#), later, apply. The deduction is also limited to 25% of your adjusted gross income from Israeli sources.

## Contributions You Can Deduct

Generally, you can deduct contributions of money or property you make to, or for the use of, a qualified organization. A contribution is "for the use of" a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

The contributions must be made to a qualified organization and not set aside for use by a specific person.

**Virginia Beach Strong Act.** If you made a contribution for the relief of the families of the dead or wounded victims of the mass shooting in Virginia Beach, Virginia, on May 31, 2019, you may be able to deduct that contribution. In order to deduct the contribution, it must have been made:

- In cash or check;
- Between May 31, 2019, and June 1, 2021; and
- For the relief of the families of dead or wounded victims of the mass shooting in Virginia Beach, Virginia, on May 31, 2019.

**TIP** If you made your contribution by phone, keep your phone bill showing the name of who you made the donation to, the date you made the contribution, and the amount of the contribution. See [Substantiation Requirements](#), later.

If you give property to a qualified organization, you can generally deduct the fair market value (FMV) of the property at the time of the

contribution. See [Contributions of Property](#), later.

Your deduction for charitable contributions generally can't be more than 60% of your adjusted gross income (AGI), but in some cases 20%, 30%, or 50% limits may apply.



*The 60% limit is suspended for certain cash contributions. See [Qualified cash contributions for 2020](#) and [Qualified contributions for relief efforts for 2018 and 2019 disasters](#), later.*

[Table 1](#) gives examples of contributions you can and can't deduct.

## Contributions From Which You Benefit

If you receive a benefit as a result of making a contribution to a qualified organization, you can deduct only the amount of your contribution that is more than the value of the benefit you receive. Also see [Contributions From Which You Benefit](#) under *Contributions You Can't Deduct*, later.

If you pay more than fair market value to a qualified organization for goods or services, the excess may be a charitable contribution. For the excess amount to qualify, you must pay it with the intent to make a charitable contribution.

**Example 1.** You pay \$65 for a ticket to a dinner dance at a church. Your entire \$65 payment goes to the church. The ticket to the dinner dance has a fair market value of \$25. When you buy your ticket, you know its value is less than your payment. To figure the amount of your charitable contribution, subtract the value of the benefit you receive (\$25) from your total payment (\$65). You can deduct \$40 as a charitable contribution to the church.

**Example 2.** At a fundraising auction conducted by a charity, you pay \$600 for a week's stay at a beach house. The amount you pay is no more than the fair rental value. You haven't made a deductible charitable contribution.

**Charity benefit events.** If you pay a qualified organization more than fair market value for the right to attend a charity ball, banquet, show, sporting event, or other benefit event, you can deduct only the amount that is more than the value of the privileges or other benefits you receive.

If there is an established charge for the event, that charge is the value of your benefit. If there is no established charge, the reasonable value of the right to attend the event is the value of your benefit. Whether you use the tickets or other privileges has no effect on the amount you can deduct. However, if you return the ticket to the qualified organization for resale, you can deduct the entire amount you paid for the ticket.



*Even if the ticket or other evidence of payment indicates that the payment is a "contribution," this doesn't mean you can deduct the entire amount. If the ticket shows the price of admission and the amount of the contribution, you can deduct the contribution amount.*

**Example.** You pay \$40 to see a special showing of a movie for the benefit of a qualified organization. Printed on the ticket is "Contribution—\$40." If the regular price for the movie is \$8, your contribution is \$32 (\$40 payment – \$8 regular price).

**State or local tax credit.** If you make a payment or transfer property to or for the use of a qualified organization and receive or expect to receive a state or local tax credit in return, then the amount treated as a charitable contribution deduction is reduced by the amount of the state or local tax credit you receive or expect to receive in consideration for your payment or transfer, but an exception may apply. If an exception doesn't apply, you must reduce your charitable contribution deduction even if you can't claim the state tax credit in the year.

**Exception.** If the state or local tax credit you receive or expect to receive doesn't exceed 15% of your payment amount or 15% of the fair market value of the transferred property, then your charitable contribution deduction isn't reduced.

**Example 1.** You make a cash contribution of \$1,000 to charity X, a qualified organization. In return for your payment you receive or expect to receive a state tax credit of 70% of your \$1,000 contribution. The amount of your charitable contribution to charity X is reduced by \$700 (70% of \$1,000). The result is your charitable contribution deduction to charity X can't exceed \$300 (\$1,000 donation - \$700 state tax credit). The reduction applies even if you can't claim the state tax credit for that year. Your deductible charitable contribution to charity X is \$300. Your total contributions may still be subject to limitations. See *Limits on Deductions*, later.

**Example 2.** You donate a painting to charity Y, a qualified organization. At the time of the donation, the painting has a fair market value of \$100,000. In return for the painting, you receive or expect to receive a state tax credit of 10% of the fair market value of the painting. The state tax credit is \$10,000 (10% of \$100,000). The amount of your state tax credit does not exceed 15% of the fair market value of the painting. As a result, your charitable contribution deduction to charity Y is not reduced. Your deductible charitable contribution for your noncash contribution to charity Y is \$100,000. However, your total contributions may still be subject to limitations. See *Limits on Deductions*, later.

**State or local tax deduction.** If you make a payment or transfer property to a qualified organization and receive or expect to receive a state or local tax deduction in return, then the amount of your charitable contribution deduction to the organization may be reduced in some circumstances. If the amount of the state

or local tax deduction exceeds the amount of your cash contribution or the fair market value of the transferred property, then your charitable contribution deduction is reduced. However, if the amount of the state or local tax deduction doesn't exceed the amount of your payment or the fair market value of the transferred property, then no reduction is necessary.

**Example 1.** You make a cash contribution of \$1,000 to charity Z, a qualified organization. Under state law, you are entitled to receive a state tax deduction of \$1,000 in return for your payment. The amount of your charitable contribution deduction to charity Z isn't reduced. Your charitable contribution deduction to charity Z is \$1,000. However, your total contributions may still be subject to limitations. See *Limits on Deductions*, later.

**Membership fees or dues.** You may be able to deduct membership fees or dues you pay to a qualified organization. However, you can deduct only the amount that is more than the value of the benefits you receive.

You can't deduct dues, fees, or assessments paid to country clubs and other social organizations. They aren't qualified organizations.

**Certain membership benefits can be disregarded.** Both you and the organization can disregard the following membership benefits if you get them in return for an annual payment of \$75 or less.

1. Any rights or privileges that you can use frequently while you are a member, such as:
  - a. Free or discounted admission to the organization's facilities or events,
  - b. Free or discounted parking,
  - c. Preferred access to goods or services, and
  - d. Discounts on the purchase of goods and services.

But, item (1) doesn't include rights to purchase tickets for seating at an athletic event in an athletic stadium of a college or university as a result of a contribution to such institution.

2. Admission, while you are a member, to events open only to members of the organization if the organization reasonably projects that the cost per person (excluding any allocated overhead) isn't more than \$11.20.

**Token items.** You don't have to reduce your contribution by the value of any benefit you receive if both of the following are true.

1. You receive only a small item or other benefit of token value.
2. The qualified organization correctly determines that the value of the item or benefit you received isn't substantial and informs you that you can deduct your payment in full.



**Table 2. Volunteers' Questions and Answers**

If you volunteer for a qualified organization, the following questions and answers may apply to you. All of the rules explained in this publication also apply. See, in particular, [Out-of-Pocket Expenses in Giving Services](#).

Question	Answer
I volunteer 6 hours a week in the office of a qualified organization. The receptionist is paid \$10 an hour for the same work. Can I deduct \$60 a week for my time?  The office is 30 miles from my home. Can I deduct any of my car expenses for these trips?	No, you can't deduct the value of your time or services.  Yes, you can deduct the costs of gas and oil that are directly related to getting to and from the place where you volunteer. If you don't want to figure your actual costs, you can deduct 14 cents for each mile.
I volunteer as a Red Cross nurse's aide at a hospital. Can I deduct the cost of the uniforms I must wear?	Yes, you can deduct the cost of buying and cleaning your uniforms if the hospital is a qualified organization, the uniforms aren't suitable for everyday use, and you must wear them when volunteering.
I pay a babysitter to watch my children while I volunteer for a qualified organization. Can I deduct these costs?	No, you can't deduct payments for childcare expenses as a charitable contribution, even if you would be unable to volunteer without childcare. (If you have childcare expenses so you can work for pay, see Pub. 503, Child and Dependent Care Expenses.)

The organization determines whether the value of an item or benefit is substantial by using Revenue Procedures 90-12 and 92-49 and the inflation adjustment in Revenue Procedure 2019-44.

**Written statement.** A qualified organization must give you a written statement if you make a payment of more than \$75 that is partly a contribution and partly for goods or services. The statement must say you can deduct only the amount of your payment that is more than the value of the goods or services you received. It must also give you a good faith estimate of the value of those goods or services.

The organization can give you the statement either when it solicits or when it receives the payment from you.

**Exception.** An organization won't have to give you this statement if one of the following is true.

1. The organization is:
  - a. A governmental organization described in (5) under [Types of Qualified Organizations](#), earlier, or
  - b. An organization formed only for religious purposes, and the only benefit you receive is an intangible religious benefit (such as admission to a religious ceremony) that generally isn't sold in commercial transactions outside the donative context.
2. You receive only items whose value isn't substantial, as described under [Token items](#), earlier.
3. You receive only membership benefits that can be disregarded, as described under [Membership fees or dues](#), earlier.

## Expenses Paid for Student Living With You

You may be able to deduct some expenses of having a student live with you. You can deduct qualifying expenses for a foreign or American student who:

1. Lives in your home under a written agreement between you and a qualified organization (defined later) as part of a program

of the organization to provide educational opportunities for the student,

2. Isn't your relative (defined later) or dependent (also defined later), and
3. Is a full-time student in the twelfth or any lower grade at a school in the United States.

**TIP** You can deduct up to \$50 a month for each full calendar month the student lives with you. Any month when conditions (1) through (3) are met for 15 or more days counts as a full month.

**Qualified organization.** For these purposes, a qualified organization can be any of the organizations described earlier under [Types of Qualified Organizations](#), except those in (4) and (5). For example, if you are providing a home for a student as part of a state or local government program, you can't deduct your expenses as charitable contributions. But see [Foster parents](#) under [Out-of-Pocket Expenses in Giving Services](#), later, if you provide the home as a foster parent.

**Relative.** The term "relative" means any of the following persons.

- Your child, stepchild, foster child, or a descendant of any of them (for example, your grandchild). A legally adopted child is considered your child.
- Your brother, sister, half brother, half sister, stepbrother, or stepsister.
- Your father, mother, grandparent, or other direct ancestor.
- Your stepfather or stepmother.
- A son or daughter of your brother or sister.
- A brother or sister of your father or mother.
- Your son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

**Dependent.** For this purpose, the term "dependent" means:

1. A person you can claim as a dependent, or
2. A person you could have claimed as a dependent except that:
  - a. He or she received gross income of \$4,300 or more;

- b. He or she filed a joint return; or
- c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2020 return.

**TIP** Foreign students brought to this country under a qualified international education exchange program and placed in American homes for a temporary period generally aren't U.S. residents and can't be claimed as dependents.

**Qualifying expenses.** You may be able to deduct the cost of books, tuition, food, clothing, transportation, medical and dental care, entertainment, and other amounts you actually spend for the well-being of the student.

**Expenses that don't qualify.** You can't deduct depreciation on your home, the fair market value of lodging, and similar items not considered amounts actually spent by you. Nor can you deduct general household expenses, such as taxes, insurance, and repairs.

**Reimbursed expenses.** In most cases, you can't claim a charitable contribution deduction if you are compensated or reimbursed for any part of the costs of having a student live with you. However, you may be able to claim a charitable contribution deduction for the unreimbursed portion of your expenses if you are reimbursed only for an extraordinary or one-time item, such as a hospital bill or vacation trip, you paid in advance at the request of the student's parents or the sponsoring organization.

**Mutual exchange program.** You can't deduct the costs of a foreign student living in your home under a mutual exchange program through which your child will live with a family in a foreign country.

**Reporting expenses.** For a list of what you must file with your return if you deduct expenses for a student living with you, see [Reporting expenses for student living with you](#) under [How To Report](#), later.

## Out-of-Pocket Expenses in Giving Services

Although you can't deduct the value of your services given to a qualified organization, you may be able to deduct some amounts you pay in giving services to a qualified organization. The amounts must be:

- Unreimbursed;
- Directly connected with the services;
- Expenses you had only because of the services you gave; and
- Not personal, living, or family expenses.

Table 2 contains questions and answers that apply to some individuals who volunteer their services.

#### **Underprivileged youths selected by charity.**

You can deduct reasonable unreimbursed out-of-pocket expenses you pay to allow underprivileged youths to attend athletic events, movies, or dinners. The youths must be selected by a charitable organization whose goal is to reduce juvenile delinquency. Your own similar expenses in accompanying the youths aren't deductible.

**Conventions.** If a qualified organization selects you to attend a convention as its representative, you can deduct your unreimbursed expenses for travel, including reasonable amounts for meals and lodging, while away from home overnight for the convention. However, see [Travel](#), later.

You can't deduct personal expenses for sightseeing, fishing parties, theater tickets, or nightclubs. You also can't deduct travel, meals and lodging, and other expenses for your spouse or children.

You can't deduct your travel expenses in attending a church convention if you go only as a member of your church rather than as a chosen representative. You can, however, deduct unreimbursed expenses that are directly connected with giving services for your church during the convention.

**Uniforms.** You can deduct the cost and upkeep of uniforms that aren't suitable for everyday use and that you must wear while performing donated services for a qualified organization.

**Foster parents.** You may be able to deduct as a charitable contribution some of the costs of being a foster parent (foster care provider) if you have no profit motive in providing the foster care and aren't, in fact, making a profit. A qualified organization must select the individuals you take into your home for foster care.

You can deduct expenses that meet both of the following requirements.

1. They are unreimbursed out-of-pocket expenses to feed, clothe, and care for the foster child.
2. They are incurred primarily to benefit the qualified organization.

Unreimbursed expenses that you can't deduct as charitable contributions may be considered support provided by you in determining whether you can claim the foster child as a dependent. For details, see Pub. 501, Dependents, Standard Deduction, and Filing Information.

**Example.** You cared for a foster child because you wanted to adopt her, not to benefit the agency that placed her in your home. Your unreimbursed expenses aren't deductible as charitable contributions.

**Church deacon.** You can deduct as a charitable contribution any unreimbursed expenses you have while in a permanent diaconate program established by your church. These expenses include the cost of vestments, books, and transportation required in order to serve in the program as either a deacon candidate or an ordained deacon.

**Car expenses.** You can deduct as a charitable contribution any unreimbursed out-of-pocket expenses, such as the cost of gas and oil, directly related to the use of your car in giving services to a charitable organization. You can't deduct general repair and maintenance expenses, depreciation, registration fees, or the costs of tires or insurance.

If you don't want to deduct your actual expenses, you can use a standard mileage rate of 14 cents a mile to figure your contribution.

You can deduct parking fees and tolls whether you use your actual expenses or the standard mileage rate.

You must keep reliable written records of your car expenses. For more information, see [Car expenses](#) under *Substantiation Requirements*, later.

**Travel.** Generally, you can claim a charitable contribution deduction for travel expenses necessarily incurred while you are away from home performing services for a qualified organization only if there is no significant element of personal pleasure, recreation, or vacation in the travel. This applies whether you pay the expenses directly or indirectly. You are paying the expenses indirectly if you make a payment to the qualified organization and the organization pays for your travel expenses.

The deduction for travel expenses won't be denied simply because you enjoy providing services to the qualified organization. Even if you enjoy the trip, you can take a charitable contribution deduction for your travel expenses if you are on duty in a genuine and substantial sense throughout the trip. However, if you have only nominal duties, or if for significant parts of the trip you don't have any duties, you can't deduct your travel expenses.

**Example 1.** You are a troop leader for a tax-exempt youth group and you take the group on a camping trip. You are responsible for overseeing the setup of the camp and for providing adult supervision for other activities during the entire trip. You participate in the activities of the group and enjoy your time with them. You oversee the breaking of camp and you transport the group home. You can deduct your travel expenses.

**Example 2.** You sail from one island to another and spend 8 hours a day counting whales and other forms of marine life. The project is sponsored by a qualified organization. In most circumstances, you can't deduct your expenses.

**Example 3.** You work for several hours each morning on an archeological dig sponsored by a qualified organization. The rest of the day is free for recreation and sightseeing. You can't take a charitable contribution deduction even though you work very hard during those few hours.

**Example 4.** You spend the entire day attending a qualified organization's regional meeting as a chosen representative. In the evening you go to the theater. You can claim your travel expenses as charitable contributions, but you can't claim the cost of your evening at the theater.

**Daily allowance (per diem).** If you provide services for a qualified organization and receive a daily allowance to cover reasonable travel expenses, including meals and lodging while away from home overnight, you must include in income any part of the allowance that is more than your deductible travel expenses. You may be able to deduct any necessary travel expenses that are more than the allowance.

**Deductible travel expenses.** These include:

- Air, rail, and bus transportation;
- Out-of-pocket expenses for your car;
- Taxi fares or other costs of transportation between the airport or station and your hotel;
- Lodging costs; and
- The cost of meals.

Because these travel expenses aren't business-related, they aren't subject to the same limits as business-related expenses. For information on business travel expenses, see *Travel* in Pub. 463, *Travel, Gift, and Car Expenses*.


## **Expenses of Whaling Captains**

You may be able to deduct as a charitable contribution any reasonable and necessary whaling expenses you pay during the year to carry out sanctioned whaling activities. The deduction is limited to \$10,000 a year. To claim the deduction, you must be recognized by the Alaska Eskimo Whaling Commission as a whaling captain charged with the responsibility of maintaining and carrying out sanctioned whaling activities.

Sanctioned whaling activities are subsistence bowhead whale hunting activities conducted under the management plan of the Alaska Eskimo Whaling Commission.

Whaling expenses include expenses for:

- Acquiring and maintaining whaling boats, weapons, and gear used in sanctioned whaling activities;
- Supplying food for the crew and other provisions for carrying out these activities; and
- Storing and distributing the catch from these activities.

 You must keep records showing the time, place, date, amount, and nature of the expenses. For details, see Revenue Procedure 2006-50, 2006-47 I.R.B. 944, available at [IRS.gov/irb/2006-47\\_IRB#RP-2006-50](https://www.irs.gov/irb/2006-47_IRB#RP-2006-50).

## Contributions You Can't Deduct

There are some contributions you can't deduct and others you can deduct only in part.

You can't deduct as a charitable contribution:

1. A contribution to a specific individual,
2. A contribution to a nonqualified organization,
3. The part of a contribution from which you receive or expect to receive a benefit,
4. The value of your time or services,
5. Your personal expenses,
6. A qualified charitable distribution from an individual retirement arrangement (IRA),
7. Appraisal fees,
8. Certain contributions to donor-advised funds, or
9. Certain contributions of partial interests in property.

Detailed discussions of these items follow.

## Contributions to Individuals

You can't deduct contributions to specific individuals, including the following.

- Contributions to fraternal societies made for the purpose of paying medical or burial expenses of members.
  - Contributions to individuals who are needy or worthy. You can't deduct these contributions even if you make them to a qualified organization for the benefit of a specific person. But you can deduct a contribution to a qualified organization that helps needy or worthy individuals if you don't indicate that your contribution is for a specific person.
- Example.** You can deduct contributions to a qualified organization for flood relief, hurricane relief, or other disaster relief. However, you can't deduct contributions earmarked for relief of a particular individual or family.
- Payments to a member of the clergy that can be spent as he or she wishes, such as for personal expenses.
  - Expenses you paid for another person who provided services to a qualified organization.

**Example.** Your son does missionary work. You pay his expenses. You can't claim a deduction for your son's unreimbursed expenses related to his contribution of services.

- Payments to a hospital that are for a specific patient's care or for services for a specific patient. You can't deduct these payments even if the hospital is operated by a city, state, or other qualified organization.



*If you made a contribution for the relief of the families of victims of the mass shooting in Virginia Beach, Virginia, on May 31, 2019, and meet the requirements, described earlier under [Virginia Beach Strong Act](#), this contribution isn't considered a contribution to a specific individual.*

## Contributions to Nonqualified Organizations

You can't deduct contributions to organizations that aren't qualified to receive tax-deductible contributions, including the following.

1. Certain state bar associations if:
  - a. The bar isn't a political subdivision of a state;
  - b. The bar has private, as well as public, purposes, such as promoting the professional interests of members; and
  - c. Your contribution is unrestricted and can be used for private purposes.
2. Chambers of commerce and other business leagues or organizations.
3. Civic leagues and associations.
4. Country clubs and other social clubs.
5. Foreign organizations other than certain Canadian, Israeli, or Mexican charitable organizations. (See [Canadian charities](#), [Mexican charities](#), and [Israeli charities](#) under *Organizations That Qualify To Receive Deductible Contributions*, earlier.) Also, you can't deduct a contribution you made to any qualifying organization if the contribution is earmarked to go to a foreign organization. However, certain contributions to a qualified organization for use in a program conducted by a foreign charity may be deductible as long as they aren't earmarked to go to the foreign charity. For the contribution to be deductible, the qualified organization must approve the program as furthering its own exempt purposes and must keep control over the use of the contributed funds. The contribution is also deductible if the foreign charity is only an administrative arm of the qualified organization.
6. Homeowners' associations.
7. Labor unions.
8. Political organizations and candidates.

## Contributions From Which You Benefit

If you receive or expect to receive a financial or economic benefit as a result of making a contribution to a qualified organization, you can't deduct the part of the contribution that represents the value of the benefit you receive. See [Contributions From Which You Benefit](#) under *Contributions You Can Deduct*, earlier. These contributions include the following.

- Contributions to a college or university if the amount paid is to (or for the benefit of) a college or university in exchange for

tickets (or the right to buy tickets) to an athletic event in an athletic stadium of the college or university.

- Contributions from which you receive or expect to receive a credit or deduction against state or local taxes unless an exception applies. See [State or local tax credit](#) and [State or local tax deduction](#), earlier.
  - Contributions for lobbying. This includes amounts you earmark for use in, or in connection with, influencing specific legislation.
  - Contributions to a retirement home for room, board, maintenance, or admittance. Also, if the amount of your contribution depends on the type or size of apartment you will occupy, it isn't a charitable contribution.
  - Costs of raffles, bingo, lottery, etc. You can't deduct as a charitable contribution amounts you pay to buy raffle or lottery tickets or to play bingo or other games of chance. For information on how to report gambling winnings and losses, see *Expenses You Can Deduct* in Pub. 529.
  - Dues to fraternal orders and similar groups. However, see [Membership fees or dues](#) under *Contributions From Which You Benefit*, earlier.
  - Tuition, or amounts you pay instead of tuition. You can't deduct as a charitable contribution amounts you pay as tuition even if you pay them for children to attend parochial schools or qualifying nonprofit day-care centers. You also can't deduct any fixed amount you must pay in addition to, or instead of, tuition to enroll in a private school, even if it is designated as a "donation."
  - Contributions connected with split-dollar insurance arrangements. You can't deduct any part of a contribution to a qualified organization if, in connection with the contribution, the organization directly or indirectly pays, has paid, or is expected to pay any premium on any life insurance, annuity, or endowment contract for which you, any member of your family, or any other person chosen by you (other than a qualified charitable organization) is a beneficiary.
- Example.** You donate money to a qualified organization. The charity uses the money to purchase a cash value life insurance policy. The beneficiaries under the insurance policy include members of your family. Even though the charity may eventually get some benefit out of the insurance policy, you can't deduct any part of the donation.

## Qualified Charitable Distributions

A qualified charitable distribution (QCD) is a distribution made directly by the trustee of your individual retirement arrangement (IRA), other than a SEP or SIMPLE IRA, to certain qualified organizations. You must have been at least age 70½ when the distribution was made. Your total QCDs for the year can't be more than \$100,000. If all the requirements are met, a QCD is nontaxable, but you can't claim a charitable contribution deduction for a QCD. See Pub. 590-B,



Distributions from Individual Retirement Arrangements (IRAs), for more information about QCDs.

## Value of Time or Services

You can't deduct the value of your time or services, including:

- Blood donations to the American Red Cross or to blood banks, and
- The value of income lost while you work as an unpaid volunteer for a qualified organization.

## Personal Expenses

You can't deduct personal, living, or family expenses, such as the following items.

- The cost of meals you eat while you perform services for a qualified organization, unless it is necessary for you to be away from home overnight while performing the services.
- Adoption expenses, including fees paid to an adoption agency and the costs of keeping a child in your home before the adoption is final. However, you may be able to claim a tax credit for these expenses. Also, you may be able to exclude from your gross income amounts paid or reimbursed by your employer for your adoption expenses. See Form 8839, Qualified Adoption Expenses, and its instructions, for more information.

## Appraisal Fees

You can't deduct as a charitable contribution any fees you pay to find the fair market value of donated property.

## Contributions to Donor-Advised Funds

You can't deduct a contribution to a donor-advised fund if:

- The qualified organization that sponsors the fund is a war veterans' organization, a fraternal society, or a nonprofit cemetery company; or
- You don't have an acknowledgment from that sponsoring organization that it has exclusive legal control over the assets contributed.

There are also other circumstances in which you can't deduct your contribution to a donor-advised fund.

Generally, a donor-advised fund is a fund or account in which a donor can, because of being a donor, advise the fund how to distribute or invest amounts held in the fund. For details, see Internal Revenue Code section 170(f)(18).

## Partial Interest in Property

Generally, you can't deduct a contribution of less than your entire interest in property. For details, see [Partial Interest in Property](#) under *Contributions of Property*, later.

## Contributions of Property

If you contribute property to a qualified organization, the amount of your charitable contribution is generally the fair market value of the property at the time of the contribution. However, if the property has increased in value, you may have to make some adjustments to the amount of your deduction. See [Giving Property That Has Increased in Value](#), later.

For information about the records you must keep and the information you must furnish with your return if you donate property, see [Substantiation Requirements](#) and [How To Report](#), later.

## Contributions Subject to Special Rules

Special rules apply if you contribute:

- Clothing or household items,
- A car, boat, or airplane,
- Taxidermy property,
- Property subject to a debt,
- A partial interest in property,
- A fractional interest in tangible personal property,
- A qualified conservation contribution,
- A future interest in tangible personal property,
- Inventory from your business, or
- A patent or other intellectual property.

These special rules are described next.

### Clothing and Household Items

You can't take a deduction for clothing or household items you donate unless the clothing or household items are in good used condition or better.

**Exception.** You can take a deduction for a contribution of an item of clothing or a household item that isn't in good used condition or better if you deduct more than \$500 for it, and include a qualified appraisal prepared by a qualified appraiser and a completed Form 8283, Section B.

**Household items.** Household items include:

- Furniture and furnishings,
- Electronics,
- Appliances,
- Linens, and
- Other similar items.

Household items don't include:

- Food;
- Paintings, antiques, and other objects of art;
- Jewelry and gems; and
- Collections.

**Fair market value.** To determine the fair market value of these items, use the rules under [Determining Fair Market Value](#), later.

## Cars, Boats, and Airplanes

The following rules apply to any donation of a qualified vehicle.

A qualified vehicle is:

- A car or any motor vehicle manufactured mainly for use on public streets, roads, and highways;
- A boat; or
- An airplane.

**Deduction more than \$500.** If you donate a qualified vehicle with a claimed fair market value of more than \$500, you can deduct the smaller of:

- The gross proceeds from the sale of the vehicle by the organization, or
- The vehicle's fair market value on the date of the contribution. If the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to figure the deductible amount, as described under [Giving Property That Has Increased in Value](#), later.

**Form 1098-C.** You must attach to your return Copy B of the Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes (or other statement containing the same information as Form 1098-C) you received from the organization. The Form 1098-C (or other statement) will show the gross proceeds from the sale of the vehicle.

If you *e-file* your return, you must:

- Attach Copy B of Form 1098-C to Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return, and mail the forms to the IRS; or
- Include Copy B of Form 1098-C as a pdf attachment if your software program allows it.

If you don't attach Form 1098-C (or other statement), you can't deduct your contribution.

You must get Form 1098-C (or other statement) within 30 days of the sale of the vehicle. But if Exception 1 or 2 (described later) applies, you must get Form 1098-C (or other statement) within 30 days of your donation.

**Filing deadline approaching and still no Form 1098-C.** If the filing deadline is approaching and you still don't have a Form 1098-C, you have two choices.

1. Request an automatic 6-month extension of time to file your return. You can get this extension by filing Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return. For more information, see the Instructions for Form 4868.
2. File the return on time without claiming the deduction for the qualified vehicle. After receiving the Form 1098-C, file an amended return, Form 1040-X, Amended U.S. Individual Income Tax Return, claiming the deduction. Attach Copy B of Form 1098-C (or other statement) to the amended return.

**Exceptions.** There are two exceptions to the rules just described for deductions of more than \$500.

**Exception 1—Vehicle used or improved by organization.** If the qualified organization makes a significant intervening use of, or material improvement to, the vehicle before transferring it, you can generally deduct the vehicle's fair market value at the time of the contribution. But if the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to get the deductible amount, as described under [Giving Property That Has Increased in Value](#), later. The Form 1098-C (or other statement) will show whether this exception applies.

**Exception 2—Vehicle given or sold to needy individual.** If the qualified organization will give the vehicle, or sell it for a price well below fair market value, to a needy individual to further the organization's charitable purpose, you can generally deduct the vehicle's fair market value at the time of the contribution. But if the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to get the deductible amount, as described under [Giving Property That Has Increased in Value](#), later. The Form 1098-C (or other statement) will show whether this exception applies.

This exception doesn't apply if the organization sells the vehicle at auction. In that case, you can't deduct the vehicle's fair market value.

**Example.** Anita donates a used car to a qualified organization. She bought it 3 years ago for \$9,000. A used car guide shows the fair market value for this type of car is \$6,000. However, Anita gets a Form 1098-C from the organization showing the car was sold for \$2,900. Neither Exception 1 nor Exception 2 applies. If Anita itemizes her deductions, she can deduct \$2,900 for her donation. She must attach Form 1098-C and Form 8283, Noncash Charitable Contributions, to her return.

**Deduction \$500 or less.** If the qualified organization sells the vehicle for \$500 or less and Exceptions 1 and 2 don't apply, you can deduct the smaller of:

- \$500, or
- The vehicle's fair market value on the date of the contribution. But if the vehicle's fair market value was more than your cost or other basis, you may have to reduce the fair market value to get the deductible amount, as described under [Giving Property That Has Increased in Value](#), later.

If the vehicle's fair market value is at least \$250 but not more than \$500, you must have a written statement from the qualified organization acknowledging your donation. The statement must contain the information and meet the tests for an acknowledgment described under [Deductions of at Least \\$250 but Not More Than \\$500](#) under *Substantiation Requirements*, later.

**Fair market value.** To determine a vehicle's fair market value, use the rules described under [Determining Fair Market Value](#), later.

**Donations of inventory.** The vehicle donation rules just described don't apply to donations of inventory. For example, these rules don't apply if you are a car dealer who donates a car you

had been holding for sale to customers. See [Inventory](#), later.

## Taxidermy Property

If you donate taxidermy property to a qualified organization, your deduction is limited to your basis in the property or its fair market value, whichever is less. This applies if you prepared, stuffed, or mounted the property or paid or incurred the cost of preparing, stuffing, or mounting the property.

Your basis for this purpose includes only the cost of preparing, stuffing, and mounting the property. Your basis doesn't include transportation or travel costs. It also doesn't include the direct or indirect costs for hunting or killing an animal, such as equipment costs. In addition, it doesn't include the value of your time.

Taxidermy property means any work of art that:

- Is the reproduction or preservation of an animal, in whole or in part;
- Is prepared, stuffed, or mounted to recreate one or more characteristics of the animal; and
- Contains a part of the body of the dead animal.

## Property Subject to a Debt

If you contribute property subject to a debt (such as a mortgage), you must reduce the fair market value of the property by:

1. Any allowable deduction for interest you paid (or will pay) that is attributable to any period after the contribution, and
2. If the property is a bond, the lesser of:
  - a. Any allowable deduction for interest you paid (or will pay) to buy or carry the bond that is attributable to any period before the contribution, or
  - b. The interest, including bond discount, receivable on the bond that is attributable to any period before the contribution, and that isn't includible in your income due to your accounting method.

This prevents you from deducting the same amount as both investment interest and a charitable contribution.

If the recipient (or another person) assumes the debt, you must also reduce the fair market value of the property by the amount of the outstanding debt assumed.

The amount of the debt is also treated as an amount realized on the sale or exchange of property for purposes of figuring your taxable gain (if any). For more information, see [Bargain Sales](#) under *Giving Property That Has Increased in Value*, later.

## Partial Interest in Property

Generally, you can't deduct a charitable contribution of less than your entire interest in property.

**Right to use property.** A contribution of the right to use property is a contribution of less than your entire interest in that property and isn't deductible.

**Example 1.** You own a 10-story office building and donate rent-free use of the top floor to a qualified organization. Because you still own the building, you have contributed a partial interest in the property and can't take a deduction for the contribution.

**Example 2.** Mandy White owns a vacation home at the beach that she sometimes rents to others. For a fundraising auction at her church, she donated the right to use the vacation home for 1 week. At the auction, the church received and accepted a bid from Lauren Green equal to the fair rental value of the home for 1 week. Mandy can't claim a deduction because of the partial interest rule. Lauren can't claim a deduction either, because she received a benefit equal to the amount of her payment. See [Contributions From Which You Benefit](#), earlier.

**Exceptions.** You can deduct a charitable contribution of a partial interest in property only if that interest represents one of the following items.

- A remainder interest in your personal home or farm. A remainder interest is one that passes to a beneficiary after the end of an earlier interest in the property.

**Example.** You keep the right to live in your home during your lifetime and give your church a remainder interest that begins upon your death. You can deduct the value of the remainder interest.

- An undivided part of your entire interest. This must consist of a part of every substantial interest or right you own in the property and must last as long as your interest in the property lasts. But see [Fractional Interest in Tangible Personal Property](#), later.

**Example.** You contribute voting stock to a qualified organization but keep the right to vote the stock. The right to vote is a substantial right in the stock. You haven't contributed an undivided part of your entire interest and can't deduct your contribution.

- A partial interest that would be deductible if transferred to certain types of trusts.
- A qualified conservation contribution (defined later).

For information about how to figure the value of a contribution of a partial interest in property, see *Partial Interest in Property Not in Trust* in Pub. 561.

## Fractional Interest in Tangible Personal Property

You can't deduct a charitable contribution of a fractional interest in tangible personal property unless all interests in the property are held immediately before the contribution by:

- You, or
- You and the qualifying organization receiving the contribution.



If you make an additional contribution later, the fair market value of that contribution will be determined by using the smaller of:

- The fair market value of the property at the time of the initial contribution, or
- The fair market value of the property at the time of the additional contribution.

Tangible personal property is defined later under [Future Interest in Tangible Personal Property](#). A fractional interest in property is an undivided portion of your entire interest in the property.

**Example.** An undivided one-quarter interest in a painting that entitles an art museum to possession of the painting for 3 months of each year is a fractional interest in the property.

**Recapture of deduction.** You must recapture your charitable contribution deduction by including it in your income if both of the following statements are true.

1. You contributed a fractional interest in tangible personal property after August 17, 2006.
2. You don't contribute the rest of your interests in the property to the original recipient or, if it no longer exists, another qualified organization on or before the earlier of:
  - a. The date that is 10 years after the date of the initial contribution, or
  - b. The date of your death.

Recapture is also required if the qualified organization hasn't taken substantial physical possession of the property and used it in a way related to the organization's purpose during the period beginning on the date of the initial contribution and ending on the earlier of:

1. The date that is 10 years after the date of the initial contribution, or
2. The date of your death.

**Additional tax.** If you must recapture your deduction, you must also pay interest and an additional tax equal to 10% of the amount recaptured.

## Qualified Conservation Contribution

A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization to be used only for conservation purposes.

**Qualified organization.** For purposes of a qualified conservation contribution, a qualified organization is:

- A governmental unit;
- A publicly supported charity; or
- An organization controlled by, and operated for the exclusive benefit of, a governmental unit or a publicly supported charity.

The organization must also have a commitment to protect the conservation purposes of the donation and must have the resources to enforce the restrictions.

A publicly supported charity is an organization of the type described in (1) under [Types of](#)

[Qualified Organizations](#), earlier, that normally receives a substantial part of its support, other than income from its exempt activities, from direct or indirect contributions from the general public or from governmental units.

**Qualified real property interest.** This is any of the following interests in real property.

1. Your entire interest in real estate other than a mineral interest (subsurface oil, gas, or other minerals, and the right of access to these minerals).
2. A remainder interest.
3. A restriction (granted in perpetuity) on the use that may be made of the real property.

**Conservation purposes.** Your contribution must be made only for one of the following conservation purposes.

- Preserving land areas for outdoor recreation by, or for the education of, the general public.
- Protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem.
- Preserving open space, including farmland and forest land, if it yields a significant public benefit. The open space must be preserved either for the scenic enjoyment of the general public or under a clearly defined federal, state, or local governmental conservation policy.
- Preserving a historically important land area or a certified historic structure.

**Building in registered historic district.** If a building in a registered historic district is a certified historic structure, a contribution of a qualified real property interest that is an easement or other restriction on the exterior of the building is deductible only if it meets all of the following conditions.

1. The restriction must preserve the entire exterior of the building (including its front, sides, rear, and height) and must prohibit any change to the exterior of the building that is inconsistent with its historical character.
2. You and the organization receiving the contribution must enter into a written agreement certifying, under penalty of perjury, that the organization:
  - a. Is a qualified organization with a purpose of environmental protection, land conservation, open space preservation, or historic preservation, and
  - b. Has the resources to manage and enforce the restriction and a commitment to do so.
3. You must include with your return:
  - a. A [Qualified appraisal](#), performed by a [Qualified appraiser](#);
  - b. Photographs of the building's entire exterior; and
  - c. A description of all restrictions on development of the building, such as zoning laws and restrictive covenants.

If you claimed the rehabilitation credit for the building for any of the 5 years before the year of the contribution, your charitable deduction is reduced. For more information, see Form 3468, Investment Credit, and Internal Revenue Code section 170(f)(14).

If you claim a deduction of more than \$10,000, your deduction won't be allowed unless you pay a \$500 filing fee. See Form 8283-V, Payment Voucher for Filing Fee Under Section 170(f)(13), and its instructions.

**More information.** For information about determining the fair market value of qualified conservation contributions, see Pub. 561. For information about the limits that apply to deductions for this type of contribution, see [Limits on Deductions](#), later. For more information about qualified conservation contributions, see Regulations section 1.170A-14.

## Future Interest in Tangible Personal Property

You can't deduct the value of a charitable contribution of a future interest in tangible personal property until all intervening interests in and rights to the actual possession or enjoyment of the property have either expired or been turned over to someone other than yourself, a related person, or a related organization. But see [Fractional Interest in Tangible Personal Property](#), earlier, and [Tangible personal property put to unrelated use](#), later.

Related persons include your spouse, children, grandchildren, brothers, sisters, and parents. Related organizations may include a partnership or corporation in which you have an interest, or an estate or trust with which you have a connection.

**Tangible personal property.** This is any property, other than land or buildings, that can be seen or touched. It includes furniture, books, jewelry, paintings, and cars.

**Future interest.** This is any interest that is to begin at some future time, regardless of whether it is designated as a future interest under state law.

**Example.** You own an antique car that you contribute to a museum. You give up ownership, but retain the right to keep the car in your garage with your personal collection. Because you keep an interest in the property, you can't deduct the contribution. If you turn the car over to the museum in a later year, giving up all rights to its use, possession, and enjoyment, you can take a deduction for the contribution in that later year.

## Inventory

If you contribute inventory (property you sell in the course of your business), the amount you can deduct is the smaller of its fair market value on the day you contributed it or its basis. The basis of contributed inventory is any cost incurred for the inventory in an earlier year that you would otherwise include in your opening inventory for the year of the contribution. You must remove the amount of your charitable

contribution deduction from your opening inventory. It isn't part of the cost of goods sold.

If the cost of donated inventory isn't included in your opening inventory, the inventory's basis is zero and you can't claim a charitable contribution deduction. Treat the inventory's cost as you would ordinarily treat it under your method of accounting. For example, include the purchase price of inventory bought and donated in the same year in the cost of goods sold for that year.

A special rule applies to certain donations of food inventory. See [Food Inventory](#), later.

## Patents and Other Intellectual Property

If you donate intellectual property to a qualified organization, your deduction is limited to the basis of the property or the fair market value of the property, whichever is smaller. Intellectual property means any of the following.

- Patents.
- Copyrights (other than a copyright described in Internal Revenue Code sections 1221(a)(3) or 1231(b)(1)(C)).
- Trademarks.
- Trade names.
- Trade secrets.
- Know-how.
- Software (other than software described in Internal Revenue Code section 197(e)(3)(A)(i)).
- Other similar property or applications or registrations of such property.

**Additional deduction based on income.** You may be able to claim additional charitable contribution deductions in the year of the contribution and years following, based on the income, if any, from the donated property.

The following table shows the percentage of income from the property that you can deduct for each of your tax years ending on or after the date of the contribution. In the table, "tax year 1," for example, means your first tax year ending on or after the date of the contribution. However, you can take the additional deduction only to the extent the total of the amounts figured using this table is more than the amount of the deduction claimed for the original donation of the property.

After the legal life of the intellectual property ends, or after the 10th anniversary of the donation, whichever is earlier, no additional deduction is allowed.

The additional deductions can't be taken for intellectual property donated to certain private foundations.

Tax year	Deductible percentage
1	100%
2	100%
3	90%
4	80%
5	70%
6	60%
7	50%
8	40%
9	30%
10	20%
11	10%
12	10%

**Reporting requirements.** You must inform the organization at the time of the donation that you intend to treat the donation as a contribution subject to the provisions just discussed.

The organization is required to file an information return showing the income from the property, with a copy to you. This is done on Form 8899, Notice of Income From Donated Intellectual Property.

## Determining Fair Market Value

This section discusses general guidelines for determining the fair market value of various types of donated property. Pub. 561 contains a more complete discussion.

Fair market value is the price at which property would change hands between a willing buyer and a willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.

**Used clothing.** The fair market value of used clothing and other personal items is usually far less than the price you paid for them. There are no fixed formulas or methods for finding the value of items of clothing.

You should claim as the value the price that buyers of used items actually pay in used clothing stores, such as consignment or thrift shops.

Also see [Clothing and Household Items](#), earlier.

**Example.** Kristin donated a coat to a thrift store operated by her church. She paid \$300 for the coat 3 years ago. Similar coats in the thrift store sell for \$50. The fair market value of the coat is \$50. Kristin's donation is limited to \$50.

**Household items.** The fair market value of used household items, such as furniture, appliances, and linens, usually is much lower than the price paid when new. These items may have little or no market value because they are in a worn condition, out of style, or no longer useful. For these reasons, formulas (such as using a percentage of the cost to buy a new replacement item) aren't acceptable in determining value.

You should support your valuation with photographs, canceled checks, receipts from your purchase of the items, or other evidence. Magazine or newspaper articles and photographs

that describe the items and statements by the recipients of the items are also useful. Don't include any of this evidence with your tax return.

If the property is valuable because it is old or unique, see the discussion under *Paintings, Antiques, and Other Objects of Art* in Pub. 561.

Also see [Clothing and Household Items](#), earlier.

**Article of clothing or household item over \$500 not in good used condition.** You must file Form 8283, Section B, if you are contributing a single article of clothing or household item over \$500 that is not in good used condition. See the Form 8283 instructions for more information.

**Cars, boats, and airplanes.** If you contribute a car, boat, or airplane to a qualified organization, you must determine its fair market value.

**Qualified vehicle donation.** You don't need a written appraisal for a qualified vehicle — such as a car, boat, or airplane — if your deduction for the qualified vehicle is limited to the gross proceeds from its sale and you obtained a contemporaneous written acknowledgement (defined later). If you donate a qualified vehicle with a claimed value of more than \$500, you can't claim a deduction unless you attach to Form 8283 a copy of the contemporaneous written acknowledgement you received from the donee organization. See *Qualified Vehicle Donations* in the Instructions for Form 8283.

**Boats.** Except for small, inexpensive boats, the valuation of boats should be based on an appraisal by a marine surveyor or appraiser because the physical condition is critical to the value.

**Cars.** Certain commercial firms and trade organizations publish used car pricing guides, commonly called "blue books," containing complete dealer sale prices or dealer average prices for recent model years. The guides may be published monthly or seasonally, and for different regions of the country. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices aren't "official" and these publications aren't considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available from public libraries, or from the loan officer at a bank, credit union, or finance company. You can also find used car pricing information on the Internet.

To find the fair market value of a donated car, use the price listed in a used car guide for a private party sale, not the dealer retail value. However, the fair market value may be less if the car has engine trouble, body damage, high mileage, or any type of excessive wear. The fair market value of a donated car is the same as the price listed in a used car guide for a private party sale only if the guide lists a sales price for a car 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 car.

**Example.** You donate a used car in poor condition to a local high school for use by students studying car repair. A used car guide shows the dealer retail value for this type of car in poor condition is \$1,600. However, the guide shows the price for a private party sale of the car is only \$750. The fair market value of the car is considered to be \$750.

**Large quantities.** If you contribute a large number of the same item, fair market value is the price at which comparable numbers of the item are being sold.

**Example.** You purchase 500 bibles for \$1,000. The person who sells them to you says the retail value of these bibles is \$3,000. If you contribute the bibles to a qualified organization, you can claim a deduction only for the price at which similar numbers of the same bible are currently being sold. Your charitable contribution is \$1,000, unless you can show that similar numbers of that bible were selling at a different price at the time of the contribution.

## Giving Property That Has Decreased in Value

If you contribute property with a fair market value that is less than your basis in it, your deduction is limited to its fair market value. You can't claim a deduction for the difference between the property's basis and its fair market value.

Your basis in property is generally what you paid for it. If you need more information about basis, see Pub. 551, Basis of Assets. You may want to see Pub. 551 if you contribute property that you:

- Received as a gift or inheritance;
- Used in a trade, business, or activity conducted for profit; or
- Claimed a casualty loss deduction for.

Common examples of property that decrease in value include clothing, furniture, appliances, and cars.

## Giving Property That Has Increased in Value

If you contribute property with a fair market value that is more than your basis in it, you may have to reduce the fair market value by the amount of appreciation (increase in value) when you figure your deduction.

Your basis in property is generally what you paid for it. If you need more information about basis, see Pub. 551.

Different rules apply to figuring your deduction, depending on whether the property is:

- Ordinary income property, or
- Capital gain property.

### Ordinary Income Property

Property is ordinary income property if you would have recognized ordinary income or

short-term capital gain had you sold it at fair market value on the date it was contributed. Examples of ordinary income property are inventory, works of art created by the donor, manuscripts prepared by the donor, and capital assets (defined later, under [Capital Gain Property](#)) held 1 year or less.

**Property used in a trade or business.** Property used in a trade or business is considered ordinary income property to the extent of any gain that would have been treated as ordinary income because of depreciation had the property been sold at its fair market value at the time of contribution. See chapter 3 of Pub. 544, Sales and Other Dispositions of Assets, for the kinds of property to which this rule applies.

**Amount of deduction.** The amount you can deduct for a contribution of ordinary income property is its fair market value minus the amount that would be ordinary income or short-term capital gain if you sold the property for its fair market value. Generally, this rule limits the deduction to your basis in the property.

**Example.** You donate stock you held for 5 months to your church. The fair market value of the stock on the day you donate it is \$1,000, but you paid only \$800 (your basis). Because the \$200 of appreciation would be short-term capital gain if you sold the stock, your deduction is limited to \$800 (fair market value minus the appreciation).

**Exception.** Don't reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. See [Ordinary or capital gain income included in gross income](#) under [Capital Gain Property](#) next, if you need more information.

### Capital Gain Property

Property is capital gain property if you would have recognized long-term capital gain had you sold it at fair market value on the date of the contribution. Capital gain property includes capital assets held more than 1 year.

**Capital assets.** Capital assets include most items of property you own and use for personal purposes or investment. Examples of capital assets are stocks, bonds, jewelry, coin or stamp collections, and cars or furniture used for personal purposes.

For purposes of figuring your charitable contribution, capital assets also include certain real property and depreciable property used in your trade or business and, generally, held more than 1 year. You may, however, have to treat this property as partly ordinary income property and partly capital gain property. See [Property used in a trade or business](#) under [Ordinary Income Property](#), earlier.

**Real property.** Real property is land and generally anything built on, growing on, or attached to land.

**Depreciable property.** Depreciable property is property used in business or held for the production of income and for which a depreciation deduction is allowed.

For more information about what is a capital asset, see chapter 2 of Pub. 544.

**Amount of deduction—General rule.** When figuring your deduction for a contribution of capital gain property, you can generally use the fair market value of the property.

**Exceptions.** However, in certain situations, you must reduce the fair market value by any amount that would have been long-term capital gain if you had sold the property for its fair market value. Generally, this means reducing the fair market value to the property's cost or other basis. You must do this if:

1. The property (other than qualified appreciated stock) is contributed to certain private nonoperating foundations,
2. You choose the 50% limit instead of the 30% limit for capital gain property given to 50% limit organizations, discussed later,
3. The contributed property is intellectual property (as defined earlier under [Patents and Other Intellectual Property](#)),
4. The contributed property is certain taxi-derry property as explained earlier, or
5. The contributed property is tangible personal property (defined earlier) that:
  - a. Is put to an unrelated use (defined later) by the charity, or
  - b. Has a claimed value of more than \$5,000 and is sold, traded, or otherwise disposed of by the qualified organization during the year in which you made the contribution, and the qualified organization hasn't made the required certification of exempt use (such as on Form 8282, Donee Information Return, Part IV). See also [Re-capture if no exempt use](#), later.

**Contributions to private nonoperating foundations.** The reduced deduction applies to contributions to all private nonoperating foundations other than those qualifying for the 50% limit, discussed later.

However, the reduced deduction doesn't apply to contributions of qualified appreciated stock. Qualified appreciated stock is any stock in a corporation that is capital gain property and for which market quotations are readily available on an established securities market on the day of the contribution. But stock in a corporation doesn't count as qualified appreciated stock to the extent you and your family contributed more than 10% of the value of all the outstanding stock in the corporation.

**Tangible personal property put to unrelated use.** Tangible personal property is defined earlier under [Future Interest in Tangible Personal Property](#).

**Unrelated use.** The term "unrelated use" means a use unrelated to the exempt purpose or function of the qualified organization. For a governmental unit, it means the use of the contributed property for other than exclusively public purposes.

**Example.** If a painting contributed to an educational institution is used by that organization



for educational purposes by being placed in its library for display and study by art students, the use isn't an unrelated use. But if the painting is sold and the proceeds are used by the organization for educational purposes, the use is an unrelated use.

**Deduction limited.** Your deduction for a contribution of tangible personal property may be limited. See (5) under [Exceptions](#), earlier.

**Recapture if no exempt use.** You must recapture part of your charitable contribution deduction by including it in your income if all the following statements are true.

- 1. You donate tangible personal property with a claimed value of more than \$5,000, and your deduction is more than your basis in the property.
- 2. The organization sells, trades, or otherwise disposes of the property after the year it was contributed but within 3 years of the contribution.
- 3. The organization doesn't provide a written statement (such as on Form 8282, Part IV), signed by an officer of the organization under penalty of perjury, that either:
  - a. Certifies its use of the property was substantial and related to the organization's purpose, or
  - b. Certifies its intended use of the property became impossible.

If all the preceding statements are true, include in your income:

- 1. The deduction you claimed for the property, minus
- 2. Your basis in the property when you made the contribution.

Include this amount in your income for the year the qualified organization disposes of the property. Report the recaptured amount on Schedule 1 (Form 1040), line 8.

**Ordinary or capital gain income included in gross income.** You don't reduce your charitable contribution if you include the ordinary or capital gain income in your gross income in the same year as the contribution. This may happen when you transfer installment or discount obligations or when you assign income to a qualified organization. If you contribute an obligation received in a sale of property that is reported under the installment method, see Pub. 537, Installment Sales.

**Example.** You donate an installment note to a qualified organization. The note has a fair market value of \$10,000 and a basis to you of \$7,000. As a result of the donation, you have a short-term capital gain of \$3,000 (\$10,000 – \$7,000), which you include in your income for the year. Your charitable contribution is \$10,000.

**Food Inventory**

Special rules apply to certain donations of food inventory to a qualified organization. These rules apply if all the following conditions are met.

- 1. You made a contribution of apparently wholesome food from your trade or business. Apparently wholesome food is food intended for human consumption that meets all quality and labeling standards imposed by federal, state, and local laws and regulations even though the food may not be readily marketable due to appearance, age, freshness, grade, size, surplus, or other conditions.
- 2. The food is to be used only for the care of the ill, the needy, or infants.
- 3. The use of the food is related to the organization's exempt purpose or function.
- 4. The organization doesn't transfer the food for money, other property, or services.
- 5. You receive a written statement from the organization stating it will comply with requirements (2), (3), and (4).
- 6. The organization isn't a private nonoperating foundation.
- 7. The food satisfies any applicable requirements of the Federal Food, Drug, and Cosmetic Act and regulations on the date of transfer and for the previous 180 days.

If all the conditions just described are met, use the following worksheet to figure your deduction.

Worksheet 1.  
Donations of Food Inventory  
See separate [Worksheet instructions](#).  
(Keep for your records)

1. Enter fair market value of the donated food . . . . .

2. Enter basis of the donated food . . . . .

3. Subtract line 2 from line 1.  
If the result is zero or less, stop here.  
Don't complete the rest of this worksheet. Your charitable contribution deduction for food is the amount on line 1 . . . . .

4. Enter one-half of line 3 . . . . .

5. Subtract line 4 from line 1 . . . . .

6. Multiply line 2 by 2.0 . . . . .

7. Subtract line 6 from line 5. If the result is less than zero, enter -0- . . . . .

8. Add lines 4 and 7 . . . . .

9. Compare line 3 and line 8. Enter the smaller amount . . . . .

10. Subtract line 9 from line 1 . . . . .

11. Enter 25% of your total net income for the year from all trades or businesses from which food inventory was donated . . . . .

12. Compare line 10 and line 11. Enter the smaller amount.  
This is your charitable contribution deduction for the food . . . . .

**Worksheet instructions.** When determining the fair market value to enter on line 1 of the worksheet, take into account the price at which the same or substantially the same food items (as to both type and quality) were sold by you at the time of the contribution. Don't reduce this

amount because the food wasn't or couldn't be sold by reason of your internal standards, lack of market, or similar circumstances. Also, don't reduce this amount even though you produced the food exclusively for the purpose of transferring the food to a qualified organization.

If you don't account for inventories under section 471 and you aren't required to capitalize indirect costs under section 263A, you may elect, solely for the purpose of line 2 of the worksheet, to treat the basis of any apparently wholesome food as being equal to 25% of the fair market value of such food.

Enter on line 11 of the worksheet 25% of your net income for the year from all sole proprietorships, S corporations, or partnerships (or other entity that isn't a C corporation) from which contributions of food inventory were made. Figure net income before any deduction for a charitable contribution of food inventory.

If you made more than one contribution of food inventory, complete a separate worksheet for each contribution. Complete lines 11 and 12 on only one worksheet. On that worksheet, complete line 11. Then compare line 11 and the total of the line 10 amounts on all worksheets and enter the smaller of those amounts on line 12.

If line 11 is smaller than line 10, you can carry over the excess as a qualifying food inventory contribution to the following year. You may be able to include the excess in your charitable contribution deduction for the food in each of the next 5 years in order of time until it is used up, but not beyond that time.

**More information.** See [Inventory](#), earlier, for information about determining the basis of donated inventory and the effect on cost of goods sold. For additional details, see section 170(e) (3) of the Internal Revenue Code.

**Bargain Sales**

A bargain sale of property is a sale or exchange for less than the property's fair market value. A bargain sale to a qualified organization is partly a charitable contribution and partly a sale or exchange.

**Part that is a sale or exchange.** The part of the bargain sale that is a sale or exchange may result in a taxable gain. For more information on figuring the amount of any taxable gain, see *Bargain sales to charity* in chapter 1 of Pub. 544.

**Part that is a charitable contribution.** Figure the amount of your charitable contribution in three steps.

**Step 1.** Subtract the amount you received for the property from the property's fair market value at the time of sale. This gives you the fair market value of the contributed part.

**Step 2.** Find the adjusted basis of the contributed part. It equals:

Adjusted basis of  
entire property

×

Fair market value  
of contributed part  

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Fair market value  
of entire property

**Step 3.** Determine whether the amount of your charitable contribution is the fair market value of the contributed part (which you found in *Step 1*) or the adjusted basis of the contributed part (which you found in *Step 2*). Generally, if the property sold was capital gain property, your charitable contribution is the fair market value of the contributed part. If it was ordinary income property, your charitable contribution is the adjusted basis of the contributed part. See [Ordinary Income Property](#) and [Capital Gain Property](#), both earlier, for more information.

**Example.** You sell ordinary income property with a fair market value of \$10,000 to a church for \$2,000. Your basis is \$4,000 and your adjusted gross income is \$20,000. You make no other contributions during the year. The fair market value of the contributed part of the property is \$8,000 (\$10,000 – \$2,000). The adjusted basis of the contributed part is \$3,200 (\$4,000 × (\$8,000 ÷ \$10,000)). Because the property is ordinary income property, your charitable deduction is limited to the adjusted basis of the contributed part. You can deduct \$3,200.

## Penalty

You may be liable for a penalty if you overstate the value or adjusted basis of contributed property.

**20% penalty.** The penalty is 20% of the amount by which you underpaid your tax because of the overstatement, if:

1. The value or adjusted basis claimed on your return is 150% or more of the correct amount, and
2. You underpaid your tax by more than \$5,000 because of the overstatement.

**40% penalty.** The penalty is 40%, rather than 20%, if:

1. The value or adjusted basis claimed on your return is 200% or more of the correct amount, and
2. You underpaid your tax by more than \$5,000 because of the overstatement.

## When To Deduct

You can deduct your contributions only in the year you actually make them in cash or other property (or in a later carryover year, as explained under [How To Figure Your Deduction When Limits Apply](#), later). This applies whether you use the cash or an accrual method of accounting.

**Time of making contribution.** Usually, you make a contribution at the time of its unconditional delivery.

**Checks.** A check you mail to a charity is considered delivered on the date you mail it.

**Text message.** Contributions made by text message are deductible in the year you send the text message if the contribution is charged to your telephone or wireless account.

**Credit card.** Contributions charged on your bank credit card are deductible in the year you make the charge.

**Pay-by-phone account.** Contributions made through a pay-by-phone account are considered delivered on the date the financial institution pays the amount. This date should be shown on the statement the financial institution sends you.

**Stock certificate.** A properly endorsed stock certificate is considered delivered on the date of mailing or other delivery to the charity or to the charity's agent. However, if you give a stock certificate to your agent or to the issuing corporation for transfer to the name of the charity, your contribution isn't delivered until the date the stock is transferred on the books of the corporation.

**Promissory note.** If you issue and deliver a promissory note to a charity as a contribution, it isn't a contribution until you make the note payments.

**Option.** If you grant a charity an option to buy real property at a bargain price, it isn't a contribution until the charity exercises the option.

**Borrowed funds.** If you contribute borrowed funds, you can deduct the contribution in the year you deliver the funds to the charity, regardless of when you repay the loan.

**Conditional gift.** If your contribution depends on a future act or event to become effective, you can't take a deduction unless there is only a negligible chance the act or event won't take place.

If your contribution would be undone by a later act or event, you can't take a deduction unless there is only a negligible chance the act or event will take place.

**Example 1.** You contribute cash to a local school board, which is a political subdivision of a state, to help build a school gym. The school board will refund the money to you if it doesn't collect enough to build the gym. You can't deduct your contribution until there is no chance (or only a negligible chance) of a refund.

**Example 2.** You donate land to a city for as long as the city uses it for a public park. The city plans to use the land for a park, and there is no chance (or only a negligible chance) of the land being used for any different purpose. You can deduct your charitable contribution in the year you make the contribution.

## Limits on Deductions

**TIP** If your total contributions for the year are 20% or less of your adjusted gross income, you don't need to read the rest of this section. The remaining limits discussed in this section don't apply to you.

The amount you can deduct for charitable contributions is generally limited to no more than 60% of your adjusted gross income (AGI). Your deduction may be further limited to 50%, 30%, or 20% of your AGI, depending on the

type of property you give and the type of organization you give it to. A higher limit applies to certain qualified conservation contributions and qualified cash contributions for 2020. These limits are described in detail in this section.

Your AGI is the amount on Form 1040 or 1040-SR, line 11.

If your contributions are more than any of the limits that apply, see [Carryovers](#) under *How To Figure Your Deduction When Limits Apply*, later.

**Out-of-pocket expenses.** Amounts you spend performing services for a charitable organization may be deductible as a contribution to a qualified organization. If so, your deduction is subject to the limit applicable to donations to that organization. For example, the 30% limit applies to amounts you spend on behalf of a private nonoperating foundation.

## Types of Qualified Organizations

For the purpose of applying the deduction limits to your charitable contributions, qualified organizations can be divided into two categories.

**First category of qualified organizations (50% limit organizations).** The first category includes only the following types of qualified organizations. (These organizations are also sometimes referred to as "50% limit organizations.")

1. Churches and conventions or associations of churches.
2. Educational organizations with a regular faculty and curriculum that normally have a regularly enrolled student body attending classes on site.
3. Hospitals and certain medical research organizations associated with these hospitals.
4. Organizations that are operated only to receive, hold, invest, and administer property and to make expenditures to or for the benefit of state and municipal colleges and universities and that normally receive substantial support from the United States or any state or their political subdivisions, or from the general public.
5. The United States or any state, the District of Columbia, a U.S. possession (including Puerto Rico), a political subdivision of a state or U.S. possession, or an Indian tribal government or any of its subdivisions that perform substantial government functions.
6. Publicly supported charities, defined earlier under [Qualified Conservation Contribution](#).
7. Organizations that may not qualify as "publicly supported" but that meet other tests showing they respond to the needs of the general public, not a limited number of donors or other persons. They must normally receive more than one-third of their support either from organizations

described in (1) through (6), or from persons other than “disqualified persons.”

8. Most organizations operated or controlled by, and operated for the benefit of, those organizations described in (1) through (7).
9. Private operating foundations.
10. Private nonoperating foundations that make qualifying distributions of 100% of contributions within 2½ months following the year they receive the contribution. A deduction for charitable contributions to any of these private nonoperating foundations must be supported by evidence from the foundation confirming it made the qualifying distributions timely. Attach a copy of this supporting data to your tax return.
11. A private foundation whose contributions are pooled into a common fund, if the foundation would be described in (8) but for the right of substantial contributors to name the public charities that receive contributions from the fund. The foundation must distribute the common fund's income within 2½ months following the tax year in which it was realized and must distribute the corpus not later than 1 year after the donor's death (or after the death of the donor's surviving spouse if the spouse can name the recipients of the corpus).

You can ask any organization whether it is a 50% limit organization, and most will be able to tell you. Also see [How to check whether an organization can receive deductible charitable contributions](#), earlier.

**Second category of qualified organizations.** The second category includes any type of qualified organization that isn't in the first category.

## Limits

The limit that applies to a contribution depends on the type of property you give and which category of qualified organization you give it to. The amount of a contribution you can deduct is generally limited to a percentage of your adjusted gross income (AGI), but may be further reduced if you make contributions that are subject to more than one of the limits discussed in this section.

Your total deduction of charitable contributions can't exceed your AGI. If your contributions are subject to more than one of the limits, you include all or part of each contribution in a certain order, carrying over any excess to a subsequent year (if allowed). See [How To Figure Your Deduction When Limits Apply](#) and [Carryovers](#), later, for more information about ordering and carryovers.

### Limits based on 100% of adjusted gross income

There are three 100% limits that may apply to your contributions.

**Qualified conservation contributions of farmers and ranchers.** If you are a qualified farmer or rancher, your deduction for a qualified

conservation contribution (QCC) is limited to 100% of your AGI minus your deduction for all other charitable contributions. However, if the donated property is used in agriculture or livestock production (or is available for such production), the contribution must be subject to a restriction that the property remain available for such production. If not, the limit is 50%. For more information about applying the 50% limit to a QCC, see [Qualified conservation contributions](#), later, under *Limits based on 50% of adjusted gross income*.

**Qualified farmer or rancher.** You are a qualified farmer or rancher if your gross income from the trade or business of farming is more than 50% of your gross income for the year.

**Qualified cash contributions for 2020.** If you make a qualified cash contribution for tax year 2020, your deduction for the cash contribution is limited to 100% of your adjusted gross income (AGI) minus your deduction for all other contributions. A qualified cash contribution must meet the following criteria.

- It is a charitable contribution paid in cash or by check after December 31, 2019.
- It is paid to an organization described earlier under [First category of qualified organizations \(50% limit organizations\)](#) (other than certain private foundations described in section 509(a)(3)).
- The taxpayer elected to have this limitation apply to such contribution.

**Exception.** Qualified contributions don't include a contribution to a segregated fund or account for which you (or any person you appoint or designate) have or expect to have advisory privileges with respect to distributions or investments based on your contribution.

**Carryover rule.** You can carry over any qualified contributions you aren't able to deduct in 2020 because of this limit.

**Qualified contributions for relief efforts for 2018 and 2019 disasters.** If you make a qualified contribution for relief efforts in a qualified disaster area, your deduction for the qualified contribution is limited to 100% of your adjusted gross income minus your deduction for all other contributions. For purposes of this section, a qualified disaster is a major disaster that was declared before February 19, 2020, by the President under section 401 of the Stafford Act and that occurred in 2018 and before December 21, 2019. However, a qualified disaster doesn't include California wildfires in January 2018 (which received special relief).

A qualified contribution must meet the following criteria.

- It is a charitable contribution paid in cash or by check before February 19, 2020.
- It is paid to an organization described earlier under [First category of qualified organizations \(50% limit organizations\)](#) (other than certain private foundations described in section 509(a)(3)).
- It is payable for relief efforts in a qualified disaster area described above.
- The taxpayer obtains contemporaneous written acknowledgement (within the

meaning of section 170(f)(8)) from the organization that such contribution was used for relief efforts.

- The taxpayer elected to have qualified disaster area tax relief apply to such contribution.

**Exception.** Qualified contributions don't include a contribution to a segregated fund or account for which you (or any person you appoint or designate) have or expect to have advisory privileges with respect to distributions or investments based on your contribution.

**Carryover rule.** You can carry over any qualified contributions you aren't able to deduct in 2020 because of this limit.

### Limit based on 60% of adjusted gross income (AGI)

If you make cash contributions during the year to an organization described earlier under [First category of qualified organizations \(50% limit organizations\)](#), and you **elect not** to treat it as [Qualified cash contributions for 2020](#), your deduction for the cash contributions is 60% of your AGI.

This 60% limit doesn't apply to noncash charitable contributions. See [Noncash contributions to 50% limit organizations](#), later, if you contribute something other than cash to a 50% limit organization.

**Example 1.** You gave your church a \$200 cash contribution that you **elected not** to treat as [Qualified cash contributions for 2020](#). The limit based on 60% of AGI will apply to the cash contribution to the church because it is an organization described earlier under [First category of qualified organizations \(50% limit organizations\)](#) and because the contribution was cash.

**Example 2.** You donated clothing to your church with a fair market value of \$200. The limit based on 60% of AGI doesn't apply because the contribution is not cash. Instead, a limit based on 50% of AGI discussed later will apply to the contribution to the church because it is an organization described earlier under [First category of qualified organizations \(50% limit organizations\)](#).

**“For the use of” contribution exception.** A 30% limit applies to cash contributions that are “for the use of” the qualified organizations instead of “to” the qualified organization. A contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement. See [Contributions to the second category of qualified organizations or “for the use of” any qualified organization](#), later, under *Limits based on 30% of adjusted gross income*, for more information.

### Limits based on 50% of adjusted gross income (AGI)

There are two 50% limits that may apply to your contributions.



**Noncash contributions to 50% limit organizations.** If you make noncash contributions to organizations described earlier under [First category of qualified organizations \(50% limit organizations\)](#), your deduction for the noncash contributions is limited to 50% of your AGI minus your cash contributions subject to the 60% limit.

**Capital gain property exception.** A 30% limit applies to noncash contributions of capital gain property if you figure your deduction using fair market value without reduction for appreciation. See [Certain capital gain property contributions to 50% limit organizations](#), later, under *Limits based on 30% of adjusted gross income*, for more information.

**“For the use of” contribution exception.** A 20% or 30% limit applies to noncash contributions that are “for the use of” the qualified organization instead of “to” the qualified organization. A contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement. If the noncash contribution is capital gain property, see [Limit based on 20% of adjusted gross income](#), later, for more information; otherwise, see [Contributions to the second category of qualified organizations or “for the use of” any qualified organization](#), later, under *Limits based on 30% of adjusted gross income*, for more information.

**Qualified conservation contributions.** Your deduction for qualified conservation contributions (QCCs) is limited to 50% of your AGI minus your deduction for all other charitable contributions.



**TIP** If you are a farmer or rancher, go to [Qualified conservation contributions of farmers or ranchers](#), earlier, under *Limits based on 100% of adjusted gross income*, to see if that limit applies to your QCC instead.

## Limits based on 30% of adjusted gross income (AGI)

These are two 30% limits that may apply to your contributions. The 30% limit for capital gain property contributions to a 50% limit organization is separate from the 30% limit that applies to your other contributions. Both are separately reduced by contributions made to a 50% limit organization, but the amount allowed after applying one of the 30% limits doesn't reduce the amount allowed after applying the other 30% limit. However, as a result of applying the separate limits, the total contributions subject to a 30% limit will never be more than 50% of your AGI.

**Example.** Your AGI is \$50,000. During the year, you gave capital gain property with a fair market value of \$15,000 to an organization described earlier under [First category of qualified organizations \(50% limit organizations\)](#). You don't choose to reduce the property's fair market value by its appreciation in value. You also gave \$10,000 cash to a qualified organization that is described earlier under [Second category of qualified organizations](#) (meaning it isn't a 50% limit organization). The \$15,000 contribution of capital gain property is subject to one 30% limit and the \$10,000 cash contribution is

subject to the other 30% limit. The \$10,000 cash contribution is fully deductible because the contribution is not more than the smaller of (i) 30% of your AGI (\$15,000) and (ii) 50% of your AGI minus all contributions to a 50% limit organization (\$25,000 - \$15,000 = \$10,000). The \$15,000 is also fully deductible because the contribution is not more than 30% of your AGI minus all contributions to a 50% limit organization subject to the 60% or 50% limit (other than qualified conservation contributions) (\$25,000 - \$10,000 = \$15,000). Neither amount is reduced by the other, so the total deductible contribution is \$25,000 (which is also not more than \$50,000 of your AGI).

**Contributions to the second category of qualified organizations or “for the use of” any qualified organization.** If you make cash contributions or noncash contributions (other than capital gain property) during the year (1) to an organization described earlier under [Second category of qualified organizations](#), or (2) “for the use of” any qualified organization, your deduction for those contributions is limited to 30% of your AGI, or if less, 50% of your AGI minus all your contributions to 50% limit organizations (other than contributions subject to a 100% limit or qualified conservation contributions). For this purpose, contributions to 50% limit organizations include all capital gain property contributions to a 50% limit organization (other than qualified conservation contributions), even those that are subject to the 30% limit, discussed later.

A contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

If you make a contribution of capital gain property to an organization other than a 50% limit organization or “for the use of” any qualified organization, see [Limit based on 20% of adjusted gross income](#), later.

**Student living with you.** Deductible amounts you spend on behalf of a student living with you are subject to this 30% limit. These amounts are considered a contribution for the use of a qualified organization. See [Expenses Paid for Student Living With You](#), earlier, for more information.

**Certain capital gain property contributions to 50% limit organizations.** Your noncash contributions of capital gain property to 50% limit organizations is limited to 30% of your adjusted gross income minus all your contributions to 50% limit organizations that are subject to the 60% and 50% limits (other than qualified conservation contributions). The limit that applies to capital gain property contributions to 50% limit organizations doesn't apply to qualified conservation contributions. If you are making a qualified conservation contribution (QCC), see [Qualified conservation contributions and Qualified conservation contributions of farmers and ranchers](#), earlier, for the limits to apply to a QCC.

**Election to apply the 50% limit.** You may choose the 50% limit for contributions of capital gain property to organizations described earlier under [First category of qualified organizations \(50% limit organizations\)](#) instead of the 30%

limit that would otherwise apply. See [Capital gain property election](#), later, under *How To Figure Your Deduction When Limits Apply*, for more information about making this election and how to adjust the amount of your contribution.

## Limit based on 20% of adjusted gross income (AGI)

If you make noncash contributions of capital gain property during the year (1) to an organization described earlier under [Second category of qualified organizations](#), or (2) “for the use of” any qualified organization, your deduction for those contributions is limited to 20% of your AGI or, if less, the smallest of the following.

1. 30% of your AGI minus all your contributions that are subject to a limit based on 30% of AGI.
2. 30% of your AGI minus all your capital gain contributions that are subject to the limit based on 30% of AGI.
3. 50% of your AGI minus all contributions subject to the limits based on 60%, 50%, and 30% of AGI (other than qualified conservation contributions).

A contribution is “for the use of” a qualified organization when it is held in a legally enforceable trust for the qualified organization or in a similar legal arrangement.

## How To Figure Your Deduction When Limits Apply

If your contributions are subject to more than one of the limits discussed earlier, use the following steps to figure the amount of your contributions that you can deduct.

1. Cash contributions that you **elected not** to treat as [Qualified cash contributions for 2020](#), subject to the limit based on 60% of adjusted gross income (AGI). Deduct the contributions that don't exceed 60% of your AGI.
2. Noncash contributions (other than qualified conservation contributions) subject to the limit based on 50% of AGI. Deduct the contributions that don't exceed 50% of your AGI minus your cash contributions to a 50% limit organization (other than contributions subject to a limit based on 100% of AGI).
3. Cash and noncash contributions (other than capital gain property) subject to the limit based on 30% of AGI. Deduct the contributions that don't exceed the smaller of:
  - a. 30% of your AGI, or
  - b. 50% of your AGI minus your contributions to a 50% limit organization (other than contributions subject to a limit based on 100% of AGI or qualified conservation contributions), including capital gain property subject to the limit based on 30% of AGI.

4. Contributions of capital gain property subject to the limit based on 30% of AGI. Deduct the contributions that don't exceed the smaller of:
  - a. 30% of your AGI, or
  - b. 50% of your AGI minus your contributions subject to the limits based on 60% or 50% of AGI (other than qualified conservation contributions).
5. Contributions of capital gain property subject to the limit based on 20% of AGI. Deduct the contributions that don't exceed the smaller of:
  - a. 20% of your AGI,
  - b. 30% of your AGI minus your contributions of capital gain property subject to the limit based on 30% of AGI,
  - c. 30% of your AGI minus your other contributions subject to the limit based on 30% of AGI, or
  - d. 50% of your AGI minus your contributions subject to the limits based on 60%, 50%, and 30% of AGI (other than qualified conservation contributions).
6. Qualified conservation contributions subject to the limit based on 50% of AGI. Deduct the contributions that don't exceed 50% of your AGI minus any deductible contributions figured in (1) through (5).
7. Qualified conservation contributions subject to the limit based on 100% of AGI. Deduct the contributions that don't exceed 100% of your AGI minus any deductible contributions figured in (1) through (6).
8. Qualified cash contributions for 2020 plus qualified contributions for relief efforts in a qualified disaster area subject to the limit based on 100% of AGI. Deduct the contributions that don't exceed 100% of your AGI minus all your other deductible contributions.

These steps are incorporated into Worksheet 2.

**Example.** Your AGI is \$50,000. In March, you gave your church \$2,000 cash that you **elected not** to treat as [Qualified cash contributions for 2020](#), and land with a fair market value of \$28,000 and a basis of \$22,000. You held the land for investment purposes for more than 1 year. You don't make the capital gain property election for this year. See [Capital gain property election](#), later. Therefore, the amount of your charitable contribution for the land would be its fair market value of \$28,000. You also gave \$5,000 cash to a private nonoperating foundation to which the 30% limit applies.

The \$2,000 cash donated to the church is considered first and is fully deductible. Your contribution to the private nonoperating foundation is considered next. Because the total of your cash contribution of \$2,000 and your capital gain property of \$28,000 to a 50% limit organization (\$30,000) is more than \$25,000 (50% of \$50,000), your contribution to the private nonoperating foundation isn't deductible for the year. It can be carried over to later years. See [Carryovers](#), later. The contribution of land is considered next. Your deduction for the land is limited to \$15,000 (30% × \$50,000). The unused part of the contribution (\$13,000) can be carried over. For this year, your deduction is limited to \$17,000 (\$2,000 + \$15,000).

**Capital gain property election.** You may choose the 50% limit for contributions of capital gain property to qualified organizations described earlier under [First category of qualified organizations \(50% limit organizations\)](#) instead of the 30% limit that would otherwise apply. If you make this choice, you must reduce the fair market value of the property contributed by the appreciation in value that would have been long-term capital gain if the property had been sold.

This choice applies to all capital gain property contributed to 50% limit organizations during a tax year. It also applies to carryovers of this kind of contribution from an earlier tax year. For details, see [Carryover of capital gain property](#), later.

You must make the choice on your original return or on an amended return filed by the due date for filing the original return.

**Example.** In the previous example, if you choose to have the 50% limit apply to the land (the 30% capital gain property) given to your church, you must reduce the fair market value of the property by the appreciation in value. Therefore, the amount of your charitable contribution for the land would be its basis to you of \$22,000. You add this amount to the \$2,000 cash contributed to the church. You can now deduct \$1,000 of the amount donated to the private nonoperating foundation because the total of your contributions of cash (\$2,000) and capital gain property (\$22,000) to 50% limit organizations is \$1,000 less than the limit based on 50% of AGI. Your total deduction for the year is \$25,000 (\$2,000 cash to your church, \$22,000 for property donated to your church, and \$1,000 cash to the private nonoperating foundation). You can carry over to later years the part of your contribution to the private nonoperating foundation that you couldn't deduct (\$4,000).

## Instructions for Worksheet 2

You can use Worksheet 2 if you made charitable contributions during the year, and one or more of the limits described in this publication under [Limits on Deductions](#) apply to you. You can't use this worksheet if you have a carryover of a charitable contribution from an earlier year. If you have a carryover from an earlier year, see [Carryovers](#), later.

The following list gives instructions for completing the worksheet.

- The terms used in the worksheet are explained earlier in this publication.
- If the result on any line is less than zero, enter zero.
- For contributions of property, enter the property's fair market value unless you elected (or were required) to reduce the fair market value as explained under [Giving Property That Has Increased in Value](#). In that case, enter the reduced amount.



## Worksheet 2. Applying the Deduction Limits

**Caution:** Don't use this worksheet to figure the contributions you can deduct this year if you have a carryover of a charitable contribution from an earlier year.

<b>Step 1. Enter any qualified conservation contributions (QCCs) made during the year.</b>		
1. If you are a qualified farmer or rancher, enter any QCCs subject to the limit based on 100% of adjusted gross income (AGI)		1
2. Enter any QCCs not entered on line 1		2
<b>Step 2. Enter your other charitable contributions made during the year.</b>		
3. Enter cash contributions that you elect to treat as qualified contributions plus cash contributions payable for relief efforts in qualified disaster areas that you elected to treat as qualified contributions. Don't include this amount on line 4 below		3
4. Enter your contributions of capital gain property "for the use of" any qualified organization		4
5. Enter your other contributions "for the use of" any qualified organization. Don't include any contributions you entered on a previous line		5
6. Enter your contributions of capital gain property to qualified organizations that aren't 50% limit organizations. Don't include any contributions you entered on a previous line		6
7. Enter your other contributions to qualified organizations that aren't 50% limit organizations. Don't include any contributions you entered on a previous line		7
8. Enter your contributions of capital gain property to 50% limit organizations deducted at fair market value. Don't include any contributions you entered on a previous line		8
9. Enter your noncash contributions to 50% limit organizations other than capital gain property you deducted at fair market value. Be sure to include contributions of capital gain property to 50% limit organizations if you reduced the property's fair market value. Don't include any contributions you entered on a previous line		9
10. Enter your cash contributions to 50% limit organizations that you elected not to treat as qualified contributions. Don't include any contributions you entered on a previous line		10
<b>Step 3. Figure your deduction for the year (if any result is zero or less, enter -0-)</b>		
11. Enter your adjusted gross income (AGI)		11
<b>Cash contributions subject to the limit based on 60% of AGI</b> (If line 10 is zero, enter -0- on lines 12 through 14.)		
12. Multiply line 11 by 0.6		12
13. <b>Deductible amount.</b> Enter the smaller of line 10 or line 12		13
14. Carryover. Subtract line 13 from line 10		14
<b>Noncash contributions subject to the limit based on 50% of AGI</b> (If line 9 is zero, enter -0- on lines 15 through 18.)		
15. Multiply line 11 by 0.5		15
16. Subtract line 13 from line 15		16
17. <b>Deductible amount.</b> Enter the smaller of line 9 or line 16		17
18. Carryover. Subtract line 17 from line 9		18
<b>Contributions (other than capital gain property) subject to limit based on 30% of AGI</b> (If lines 5 and 7 are both zero, enter -0- on lines 19 through 25.)		
19. Multiply line 11 by 0.5		19
20. Add lines 8, 9, and 10		20
21. Subtract line 20 from line 19		21
22. Multiply line 11 by 0.3		22
23. Add lines 5 and 7		23
24. <b>Deductible amount.</b> Enter the smallest of line 21, 22, or 23		24
25. Carryover. Subtract line 24 from line 23		25
<b>Contributions of capital gain property subject to limit based on 30% of AGI</b> (If line 8 is zero, enter -0- on lines 26 through 31.)		
26. Multiply line 11 by 0.5		26
27. Add lines 9 and 10		27
28. Subtract line 27 from line 26		28
29. Multiply line 11 by 0.3		29
30. <b>Deductible amount.</b> Enter the smallest of line 8, 28, or 29		30
31. Carryover. Subtract line 30 from line 8		31
<b>Contributions subject to the limit based on 20% of AGI</b> (If lines 4 and 6 are both zero, enter -0- on lines 32 through 41.)		
32. Multiply line 11 by 0.5		32
33. Add lines 13, 17, 24, and 30		33
34. Subtract line 33 from line 32		34
35. Multiply line 11 by 0.3		35
36. Subtract line 24 from line 35		36
37. Subtract line 30 from line 35		37
38. Multiply line 11 by 0.2		38
39. Add lines 4 and 6		39
40. <b>Deductible amount.</b> Enter the smallest of line 34, 36, 37, 38, or 39		40
41. Carryover. Subtract line 40 from line 39		41
<b>QCCs subject to limit based on 50% of AGI</b> (If line 2 is zero, enter -0- on lines 42 through 46.)		
42. Multiply line 11 by 0.5		42
43. Add lines 13, 17, 24, 30, and 40		43
44. Subtract line 43 from line 42		44
45. <b>Deductible amount.</b> Enter the smaller of line 2 or line 44		45
46. Carryover. Subtract line 45 from line 2		46
<b>Note:</b> Worksheet 2 continues on the next page.		

## Worksheet 2—continued

<b>QCCs subject to limit based on 100% of AGI</b> (If line 1 is zero, enter -0- on lines 47 through 51.)		
47. Enter the amount from line 11	47	
48. Add lines 13, 17, 24, 30, 40, and 45	48	
49. Subtract line 48 from line 47	49	
50. <b>Deductible amount.</b> Enter the smaller of line 1 or line 49	50	
51. Carryover. Subtract line 50 from line 1	51	
<b>Qualified cash contributions for 2020 and qualified contributions for certain disaster relief efforts</b> (If line 3 is zero, enter -0- on lines 52 through 56.)		
52. Enter the amount from line 11	52	
53. Add lines 13, 17, 24, 30, 40, 45, and 50	53	
54. Subtract line 53 from line 52	54	
55. <b>Deductible amount.</b> Enter the smaller of line 3 or line 54	55	
56. Carryover. Subtract line 55 from line 3	56	
<b>Deduction for the year</b>		
57. Add lines 13, 17, 24, 30, 40, 45, 50, and 55. Enter the total here and include the deductible amounts on Schedule A (Form 1040), line 11 or line 12, whichever is appropriate. Also, enter the amount from line 55 on the dotted line next to the line 11 entry space	57	
<b>Note.</b> Any amounts in the carryover column are not deductible this year but can be carried over to next year. See <i>Carryovers</i> , later, for more information about how you will use them next year.		

### Carryovers

You can carry over any contributions you can't deduct in the current year because they exceed the limits based on your adjusted gross income (AGI). Except for qualified conservation contributions, you may be able to deduct the excess in each of the next 5 years until it is used up, but not beyond that time.

A carryover of a qualified conservation contribution can be carried forward for 15 years.

Contributions you carry over are subject to the same percentage limits in the year to which they are carried. For example, contributions subject to the 20% limit in the year in which they are made are 20% limit contributions in the year to which they are carried. But see [Carryover of capital gain property](#), later.

For each category of contributions, you deduct carryover contributions only after deducting all allowable contributions in that category for the current year. If you have carryovers from 2 or more prior years, use the carryover from the earlier year first.

**Note.** A carryover of a contribution to a 50% limit organization must be used before contributions in the current year to organizations other than 50% limit organizations. See [Example 2](#).

**Example 1.** Last year, you made cash contributions of \$11,000 to 50% limit organizations. Because of the limit based on 60% of AGI, you deducted only \$10,000 and carried over \$1,000 to this year. This year, your AGI is \$20,000 and you made cash contributions that you elected not to treat as qualified cash contributions for 2020 of \$9,500 to 50% limit organizations. The limit based on 60% of AGI applies to your current year cash contribution of \$9,500 and carryover contribution of \$1,000. You can deduct this year's cash contribution and your carryover

cash contribution in full because your total cash contributions of \$10,500 (\$9,500 + \$1,000) is less than \$12,000 (60% of \$20,000).

**Example 2.** This year, your AGI is \$24,000. You make cash contributions of \$6,000 that you elected not to treat as qualified cash contributions for 2020, so the 60% limit applies and \$3,000 to which the 30% limit applies. You have a contribution carryover from last year of \$5,000 for capital gain property contributed to a 50% limit organization and subject to the special 30% limit for contributions of capital gain property.

Your cash contribution of \$6,000 is fully deductible because it is less than \$14,400 (which is 60% of your AGI).

The deduction for your 30% limit contributions of \$3,000 is limited to \$1,000. This is the lesser of:

1. \$7,200 (30% of \$24,000), or
2. \$1,000 (\$12,000 minus \$11,000).

(The \$12,000 amount is 50% of \$24,000, your AGI. The \$11,000 amount is the sum of your current and carryover contributions to 50% limit organizations, \$6,000 + \$5,000.)

The deduction for your \$5,000 carryover is subject to the special 30% limit for contributions of capital gain property. This means it is limited to the smaller of:

1. \$7,200 (your 30% limit), or
2. \$5,000 (\$12,000, your 50% limit, minus your allowable cash contributions to which the 60% limit applies (\$6,000) and minus your allowable contribution to which the 30% limit applies (\$1,000)).

Because your \$5,000 carryover contribution does not exceed the smaller limit of \$5,000, you can deduct it in full.

Your deduction is \$12,000 (\$6,000 + \$1,000 + \$5,000). You carry over the \$2,000 balance of

your 30% limit contributions for this year to next year.

**Carryover of capital gain property.** If you carry over contributions of capital gain property subject to the special 30% limit and you choose in the next year to use the 50% limit and take appreciation into account, you must refigure the carryover. Reduce the fair market value of the property by the appreciation and reduce that result by the amount actually deducted in the previous year.

**Example.** Last year, your AGI was \$50,000 and you contributed capital gain property valued at \$27,000 to a 50% limit organization and didn't choose to use the 50% limit. Your basis in the property was \$20,000. Your deduction was limited to \$15,000 (30% of \$50,000), and you carried over \$12,000. This year, your AGI is \$60,000 and you contribute capital gain property valued at \$25,000 to a 50% limit organization. Your basis in the property is \$24,000 and you choose to use the 50% limit. You must refigure your carryover as if you had taken appreciation into account last year as well as this year. Because the amount of your contribution last year would have been \$20,000 (the property's basis) instead of the \$15,000 you actually deducted, your refigured carryover is \$5,000 (\$20,000 – \$15,000). Your total deduction this year is \$29,000 (your \$24,000 current contribution plus your \$5,000 carryover).

**Additional rules for carryovers.** Special rules exist for computing carryovers if you:

- Are married in some years but not others,
- Have different spouses in different years,
- Change from a separate return to a joint return in a later year,
- Change from a joint return to a separate return in a later year,
- Have a net operating loss,
- Claim the standard deduction in a carryover year, or

- Become a widow or widower.

Because of their complexity and the limited number of taxpayers to whom these additional rules apply, they aren't discussed in this publication. If you need to figure a carryover and you are in one of these situations, you may want to consult with a tax practitioner.

## Substantiation Requirements

You must keep records to prove the amount of the contributions you make during the year. The kind of records you must keep depends on the amount of your contributions and whether they are:

- Cash contributions,
- Noncash contributions, or
- Out-of-pocket expenses when donating your services.

**Note.** An organization must generally give you a written statement if it receives a payment from you that is more than \$75 and is partly a contribution and partly for goods or services. (See [Contributions From Which You Benefit](#) under *Contributions You Can Deduct*, earlier.) Keep the statement for your records. It may satisfy all or part of the recordkeeping requirements explained in the following discussions.

### Cash Contributions

Cash contributions include payments made by cash, check, electronic funds transfer, online payment service, debit card, credit card, payroll deduction, or a transfer of a gift card redeemable for cash.

You can't deduct a cash contribution, regardless of the amount, unless you keep one of the following.

1. A bank record that shows the name of the qualified organization, the date of the contribution, and the amount of the contribution. Bank records may include:
  - a. A canceled check.
  - b. A bank or credit union statement.
  - c. A credit card statement.
  - d. An electronic fund transfer receipt.
  - e. A scanned image of both sides of a canceled check obtained from a bank or credit union website.
2. A receipt (or a letter or other written communication such as an email) from the qualified organization showing the name of the organization, the date of the contribution, and the amount of the contribution.
3. The payroll deduction records described next.

**Payroll deductions.** If you make a contribution by payroll deduction, you must keep:

1. A pay stub, Form W-2, or other document furnished by your employer that shows the date and amount of the contribution; and

2. A pledge card or other document prepared by or for the qualified organization that shows the name of the organization and states the organization doesn't provide goods or services in return for any contribution made to it by payroll deduction.

If your employer withheld \$250 or more from a single paycheck, see [Contributions of \\$250 or More](#) next.

### Contributions of \$250 or More

You can claim a deduction for a contribution of \$250 or more only if you have a *contemporaneous written acknowledgment* of your contribution from the qualified organization or certain payroll deduction records. See [Contemporaneous written acknowledgment](#), later, for a description of when a written acknowledgment is considered "contemporaneous" with your contribution.

If you made more than one contribution of \$250 or more, you must have either a separate acknowledgment for each or one acknowledgment that lists each contribution and the date of each contribution and shows your total contributions.

**Amount of contribution.** In figuring whether your contribution is \$250 or more, don't combine separate contributions. For example, if you gave your church \$25 each week, your weekly payments don't have to be combined. Each payment is a separate contribution.

If contributions are made by payroll deduction, the deduction from each paycheck is treated as a separate contribution.

If you made a payment that is partly for goods and services, as described earlier under [Contributions From Which You Benefit](#), your contribution is the amount of the payment that is more than the value of the goods and services.

**Acknowledgment.** The acknowledgment must meet these tests.

1. It must be written.
2. It must include:
  - a. The amount of cash you contributed,
  - b. Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits),
  - c. A description and good faith estimate of the value of any goods or services described in (b). If the only benefit you received was an intangible religious benefit (such as admission to a religious ceremony) that generally isn't sold in a commercial transaction outside the donative context, the acknowledgment must say so and doesn't need to describe or estimate the value of the benefit.

If the acknowledgment doesn't show the date of the contribution, you must also have a bank record or receipt, as described earlier, that does show the date of the contribution. If the

acknowledgment shows the date of the contribution and meets the other tests just described, you don't need any other records.

**Contemporaneous written acknowledgment.** Organizations typically send written acknowledgments to donors no later than January 31 of the year following the donation. For the written acknowledgment to be considered contemporaneous with the contribution it must meet both of the following requirements.

1. Meet all the tests described under [Acc-knowledgment](#), earlier; and
2. You must get it on or before the earlier of:
  - a. The date you file your return for the year you make the contribution; or
  - b. The due date, including extensions, for filing the return.

**Payroll deductions.** If you make a contribution by payroll deduction and your employer withholds \$250 or more from a single paycheck, you must keep:

1. A pay stub, Form W-2, or other document furnished by your employer that shows the amount withheld as a contribution; and
2. A pledge card or other document prepared by or for the qualified organization that shows the name of the organization and states the organization doesn't provide goods or services in return for any contribution made to it by payroll deduction.

A single pledge card may be kept for all contributions made by payroll deduction regardless of amount as long as it contains all the required information.

If the pay stub, Form W-2, pledge card, or other document doesn't show the date of the contribution, you must have another document that does show the date of the contribution. If the pay stub, Form W-2, pledge card, or other document shows the date of the contribution, you don't need any other records except those just described in (1) and (2).

### Noncash Contributions

Substantiation requirements for contributions not made in cash depend on whether your deduction for the contribution is:

1. Less than \$250,
2. At least \$250 but not more than \$500,
3. Over \$500 but not more than \$5,000, or
4. Over \$5,000.

The substantiation requirements for non-cash contributions of more than \$500 also apply to any return filed for any carryover year.

**Amount of deduction.** In figuring whether your deduction is \$500 or more, combine your claimed deductions for all similar items of property donated to any qualified organization during the year.

If you received goods or services in return, as described earlier in [Contributions From Which You Benefit](#), reduce your contribution by the value of those goods or services. If you

figure your deduction by reducing the fair market value of the donated property by its appreciation, as described earlier in [Giving Property That Has Increased in Value](#), your contribution is the reduced amount.

## Deductions of Less Than \$250

Except as provided below, no deduction will be allowed for a noncash contribution of less than \$250 unless you get and keep a receipt from the qualified organization showing:

1. The name and address of the qualified organization to which you contributed;
2. The date and location of the charitable contribution;
3. A description of the property in sufficient detail under the circumstances (taking into account the value of the property) for a person not generally familiar with the type of property to understand that the description is of the contributed property; and
4. For a security, the name of the issuer, the type of security, and whether it is publicly traded as of the date of the contribution. For example, a security is generally considered to be publicly traded if the security is (a) listed on a recognized stock exchange whose quotations are published daily, (b) regularly traded on a national or regional over-the-counter market, or (c) quoted daily in a national newspaper of general circulation in the case of mutual fund shares.

A letter or other written communication from the qualified organization acknowledging receipt of the contribution and containing the information in (1), (2), (3), and (4) will serve as a receipt.

If it is impractical to get a receipt (for example, if you leave property at a charity's unattended drop site), you may satisfy the substantiation requirements by maintaining reliable written records for each item of the donated property.

Your reliable written records must include the following information.

1. The information in (1), (2), (3), and (4) above.
2. If you claim a deduction for clothing or a household item, a description of the condition of the clothing or item.
3. The fair market value of the property at the time of the contribution and how you figured the fair market value.

## Deductions of at Least \$250 but Not More Than \$500

If you claim a deduction of at least \$250 but not more than \$500 for a noncash charitable contribution, you must get and keep a contemporaneous written acknowledgment of your contribution from the qualified organization. If you made more than one contribution of \$250 or more, you must have either a separate acknowledgment for each or one acknowledgment that shows your total contributions. See [Contemporaneous written acknowledgment](#), earlier, for a description of when a written acknowledgment

is considered "contemporaneous" with your contribution.

The acknowledgment must:

1. Be written.
2. Include:
  - a. A description (but not necessarily the value) of any property you contributed,
  - b. Whether the qualified organization gave you any goods or services as a result of your contribution (other than certain token items and membership benefits), and
  - c. A description and good faith estimate of the value of any goods or services described in (b). If the only benefit you received was an intangible religious benefit (such as admission to a religious ceremony) that generally isn't sold in a commercial transaction outside the donative context, the acknowledgment must say so and doesn't need to describe or estimate the value of the benefit.
3. Be received by you on or before the earlier of:
  - a. The date you file your return for the year you make the contribution, or
  - b. The due date, including extensions, for filing the return.

## Deductions Over \$500 but Not Over \$5,000

If you claim a deduction over \$500 but not over \$5,000 for a noncash charitable contribution, you must complete Form 8283 and have the [Contemporaneous written acknowledgment](#) (defined earlier). Your completed Form 8283 must include:

1. Your name and taxpayer identification number,
2. The name and address of the qualified organization,
3. The date of the charitable contribution, and
4. The following information about the contributed property:
  - a. A description of the property in sufficient detail under the circumstances (taking into account the value of the property) for a person not generally familiar with the type of property to understand that the description is of the contributed property;
  - b. The fair market value of the property on the contribution date and the method used in figuring the fair market value;
  - c. In the case of real or tangible property, its condition;
  - d. In the case of tangible personal property, whether the donee has certified it for a use related to the purpose or

function constituting the donee's basis for exemption under Section 501 of the Internal Revenue Code or, in the case of a governmental unit, an exclusively public purpose;

- e. In the case of securities, the name of the issuer, the type of securities, and whether they were publicly traded as of the date of the contribution;
- f. How you got the property, for example, by purchase, gift, bequest, inheritance, or exchange;
- g. The approximate date you got the property or, if created, produced, or manufactured by or for you, the approximate date the property was substantially completed; and
- h. The cost or other basis, and any adjustments to the basis, of property held less than 12 months and, if available, the cost or other basis of property held 12 months or more. This requirement, however, doesn't apply to publicly traded securities.

## Deductions Over \$5,000

If you claim a deduction of over \$5,000 for a noncash charitable contribution, you must have the [Contemporaneous written acknowledgment](#) (defined earlier), obtain a qualified appraisal of the donated property from a qualified appraiser, and complete Form 8283. A qualified appraisal is not required for contributions of qualified vehicles for which you obtain a contemporaneous written acknowledgement, certain inventory, publicly traded securities, or certain intellectual property. See [Deductions of More Than \\$5,000](#) in Pub. 561 for more information.

In addition to, or in lieu of, the items described in [Deductions Over \\$500 but Not Over \\$5,000](#) earlier, your completed Form 8283 must include:

1. The qualified organization's taxpayer identification number, signature, the date signed by the qualified organization, and the date the qualified organization received the property;
2. The appraiser's name, address, taxpayer identification number, appraiser declaration, signature, and the date signed by the appraiser; and
3. The following additional information about the contributed property:
  - a. The fair market value on the valuation effective date; and
  - b. A statement explaining whether the charitable contribution was made by means of a bargain sale and, if so, the amount of any consideration received for the contribution.

**Note.** The appraiser declaration must include the following statement: "I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross



valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the 3-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c)."

## Qualified Conservation Contribution

If the contribution was a qualified conservation contribution, your records must also include the fair market value of the underlying property before and after the contribution and the conservation purpose furthered by the contribution.

For more information, see [Qualified Conservation Contribution](#), earlier, and in Pub. 561.

## Out-of-Pocket Expenses

If you give services to a qualified organization and have unreimbursed out-of-pocket expenses, considered separately, of \$250 or more (for example, you pay \$250 for an airline ticket to attend a convention of a qualified organization as a chosen representative), related to those services, the following two rules apply.

1. You must have adequate records to prove the amount of the expenses.
2. You must get an acknowledgment from the qualified organization that contains:
  - a. A description of the services you provided,
  - b. A statement of whether or not the organization provided you any goods or services to reimburse you for the expenses you incurred,
  - c. A description and a good faith estimate of the value of any goods or services (other than intangible religious benefits) provided to reimburse you, and
  - d. A statement that the only benefit you received was an intangible religious benefit, if that was the case. The acknowledgment doesn't need to describe or estimate the value of an intangible religious benefit (defined earlier under [Acknowledgment](#)).

You must get the acknowledgment on or before the earlier of:

1. The date you file your return for the year you make the contribution, or
2. The due date, including extensions, for filing the return.

**Car expenses.** If you claim expenses directly related to use of your car in giving services to a qualified organization, you must keep reliable written records of your expenses. Whether your records are considered reliable depends on all the facts and circumstances. Generally, they may be considered reliable if you made them

regularly and at or near the time you had the expenses.

For example, your records might show the name of the organization you were serving and the dates you used your car for a charitable purpose. If you use the standard mileage rate of 14 cents a mile, your records must show the miles you drove your car for the charitable purpose. If you deduct your actual expenses, your records must show the costs of operating the car that are directly related to a charitable purpose.

See [Car expenses](#) under *Out-of-Pocket Expenses in Giving Services*, earlier, for the expenses you can deduct.

## How To Report

Report your charitable contributions on Schedule A (Form 1040), lines 11 through 14.

If you made noncash contributions, you may also be required to fill out parts of Form 8283. See [Noncash contributions](#), later.

**Cash contributions and out-of-pocket expenses.** Enter your cash contributions, including out-of-pocket expenses, on Schedule A (Form 1040), line 11.

**Reporting expenses for student living with you.** If you claim amounts paid for a student who lives with you, as described earlier under [Expenses Paid for Student Living With You](#), you must submit with your return:

1. A copy of your agreement with the organization sponsoring the student placed in your household,
2. A summary of the various items you paid to maintain the student, and
3. A statement that gives:
  - a. The date the student became a member of your household,
  - b. The dates of his or her full-time attendance at school, and
  - c. The name and location of the school.

**Noncash contributions.** Enter your noncash contributions on Schedule A (Form 1040), line 12.

**Total deduction over \$500.** If your total deduction for all noncash contributions for the year is over \$500, you must complete Form 8283 and attach it to your Form 1040 or 1040-SR. Use Section A of Form 8283 to report noncash contributions for which you claimed a deduction of \$5,000 or less per item (or group of similar items). Also use Section A to report contributions of publicly traded securities. See [Deduction over \\$5,000](#) next, for the items you must report on Section B.

The IRS may disallow your deduction for noncash charitable contributions if it is more than \$500 and you don't submit Form 8283 with your return.

**Deduction over \$5,000.** You must complete Section B of Form 8283 for each item or

group of similar items for which you claim a deduction of over \$5,000. (However, if you contributed publicly traded securities, complete Section A instead.) 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 organization. However, you must file a separate Form 8283, Section B, for each organization. The organization that received the property must complete and sign Part IV of Section B.

**Vehicle donations.** If you donated a car, boat, airplane, or other vehicle, you may have to attach a copy of Form 1098-C (or other statement) to your return. For details, see [Cars, Boats, and Airplanes](#), earlier.

**Clothing and household items not in good used condition.** You must include with your return a [Qualified appraisal](#), which is prepared by a [Qualified appraiser](#), of any single donated item of clothing or any donated household item that isn't in good used condition or better and for which you deduct more than \$500. See [Clothing and Household Items](#), earlier.

**Qualified appraisal.** A qualified appraisal is an appraisal document that:

- Is made, signed, and dated by a qualified appraiser (defined later) in accordance with generally accepted appraisal standards;
- Meets the relevant requirements of Regulations section 1.170A-17(a);
- Has a valuation effective date no earlier than 60 days before the date of the contribution and no later than the date of the contribution. For an appraisal report dated on or after the date of the contribution, the valuation effective date must be the date of the contribution; and
- Does not involve a prohibited appraisal fee.

You must receive the qualified appraisal before the due date, including extensions, of the return on which a charitable contribution deduction is first claimed for the donated property. If the deduction is first claimed on an amended return, the qualified appraisal must be received before the date on which the amended return is filed.

**Qualified appraiser.** A qualified appraiser is an individual with verifiable education and experience in valuing the type of property for which the appraisal is performed.

1. The individual:
  - a. Has earned an appraisal designation from a generally recognized professional appraiser organization, or
  - b. Has met certain minimum education requirements and 2 or more years of experience. To meet the minimum education requirement, the individual must have successfully completed professional or college-level coursework obtained from:
    - i. A professional or college-level educational organization,

- ii. A professional trade or appraiser organization that regularly offers educational programs in valuing the type of property, or
- iii. An employer as part of an employee apprenticeship or education program similar to professional or college-level courses.

2. The individual regularly prepares appraisals for which he or she is paid.
3. The individual is not an excluded individual.

See Pub. 561 for more information.

#### **Easement on building in historic district.**

If you claim a deduction for a qualified conservation contribution for an easement on the exterior of a building in a registered historic district, you must include a qualified appraisal (defined earlier), photographs, and certain other information with your return. See [Qualified Conservation Contribution](#), earlier.

**Deduction over \$500,000.** If you claim a deduction of more than \$500,000 for a contribution of property, you must attach a [Qualified appraisal](#), which is prepared by a [Qualified appraiser](#), of the property to your return. This doesn't apply to contributions of cash, qualified vehicles for which you obtained a contemporaneous written acknowledgement, certain inventory, publicly traded securities, or intellectual property. See Regulations section 1.170A-16(e) (2).

In figuring whether your deduction is over \$500,000, combine the claimed deductions for all similar items donated to any qualified organization during the year.

If you don't attach the appraisal, you can't deduct your contribution, unless your failure to attach it is due to reasonable cause and not to willful neglect.

**Form 8282.** An organization must file Form 8282 if, within 3 years of receiving property for which it was required to sign a Form 8283, it sells, exchanges, consumes, or otherwise disposes of the property. The organization must also send you a copy of the form. However, the organization need not file Form 8282 to report the sale of an item if you signed a statement on Section B of Form 8283 stating that the appraised value of the item, or a specific item within a group of similar items, was \$500 or less. For this purpose, all shares of nonpublicly traded stock or securities, or items that form a set (such as a collection of books written by the same author or a group of place settings), are considered to be one item.

## How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](#) and find resources that can help you right away.

**Preparing and filing your tax return.** After receiving all your wage and earnings statements (Form W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation

statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

**Free options for tax preparation.** Go to [IRS.gov](#) to see your options for preparing and filing your return online or in your local community, if you qualify, which include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using brand-name tax-preparation-and-filing software or Free File fillable forms. However, state tax preparation may not be available through Free File. Go to [IRS.gov/FreeFile](#) to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to [IRS.gov/VITA](#), download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.
- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help to all taxpayers, particularly those who are 60 year of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to [IRS.gov/TCE](#), download the free IRS2Go app, or call 888-227-7669 for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource.

Also, the IRS offers Free Fillable Forms, which can be completed online and then filed electronically regardless of income.

**Using online tools to help prepare your return.** Go to [IRS.gov/Tools](#) for the following.

- The [Earned Income Tax Credit Assistant \(IRS.gov/EITCAssistant\)](#) determines if you're eligible for the earned income credit (EIC).
- The [Online EIN Application \(IRS.gov/EIN\)](#) helps you get an employer identification number (EIN).
- The [Tax Withholding Estimator \(IRS.gov/W4app\)](#) makes it easier for everyone to pay the correct amount of tax during the year. The tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including retirees and self-employed individuals. The features include the following.
  - Easy to understand language.
  - The ability to switch between screens, correct previous entries, and skip screens that don't apply.

- Tips and links to help you determine if you qualify for tax credits and deductions.
- A progress tracker.
- A self-employment tax feature.
- Automatic calculation of taxable social security benefits.
- The [First Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](#) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/SalesTax\)](#) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).



**Getting answers to your tax questions.** On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](#): A variety of tools to help you get answers to some of the most common tax questions.
- [IRS.gov/ITA](#): The Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers.
- [IRS.gov/Forms](#): Find forms, instructions, and publications. You will find details on 2020 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

#### **Need someone to prepare your tax return?**

There are various types of tax return preparers, including tax return preparers, enrolled agents, certified public accountants (CPAs), attorneys, and many others who don't have professional credentials. If you choose to have someone preparer your tax return, chose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).

Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to [Tips for Choosing a Tax Preparer](#) on IRS.gov.

**Coronavirus.** Go to [IRS.gov/Coronavirus](#) for links to information on the impact of the coronavirus, as well as tax relief available for individuals and families, small and large businesses, and tax-exempt organizations.

**Tax reform.** Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](#) for information and updates on how this legislation affects your taxes.

**Employers can register to use Business Services Online.** The Social Security Administration (SSA) offers online service at [SSA.gov/employer](#) for fast, free, and secure online W-2

filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

**IRS social media.** Go to [IRS.gov/SocialMedia](https://www.irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. **Don't** post your SSN or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://www.youtube.com/irsvideos).
- [Youtube.com/irsvideasmultilingua](https://www.youtube.com/irsvideasmultilingua).
- [Youtube.com/irsvideosASL](https://www.youtube.com/irsvideosASL).

**Watching IRS videos.** The IRS Video portal ([IRSVideos.gov](https://www.irs.gov/IRSVideos)) contains video and audio presentations for individuals, small businesses, and tax professionals.

**Online tax information in other languages.** You can find information on [IRS.gov/MyLanguage](https://www.irs.gov/MyLanguage) if English isn't your native language.

**Free interpreter service.** Multilingual assistance, provided by the IRS, is available at Taxpayer Assistance Centers (TACs) and other IRS offices. Over-the-phone interpreter service is accessible in more than 350 languages.

**Getting tax forms and publications.** Go to [IRS.gov/Forms](https://www.irs.gov/Forms) to view, download, or print all of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including the Instructions for Forms 1040 and 1040-SR) on mobile devices as an eBook at [IRS.gov/eBooks](https://www.irs.gov/eBooks). Or you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order.

**Access your online account (individual taxpayers only).** Go to [IRS.gov/Account](https://www.irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review your payment history.
- Go to [IRS.gov/SecureAccess](https://www.irs.gov/SecureAccess) to review the required identity authentication process.

**Using direct deposit.** The fastest way to receive a tax refund is to file electronically and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. The IRS issues more than 90% of refunds in less than 21 days.

**Getting a transcript of your return.** The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://www.irs.gov/Transcripts). Click on either "Get Transcript Online" or "Get Transcript by

Mail" to order a free copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

### Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn't initiate contact with taxpayers by email, text messages, telephone calls, or social media channels to request personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to [IRS.gov/IdentityTheft](https://www.irs.gov/IdentityTheft), the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to eligible taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to [IRS.gov/IPPIN](https://www.irs.gov/IPPIN).

### Checking on the status of your refund.

- Go to [IRS.gov/Refunds](https://www.irs.gov/Refunds).
- The IRS can't issue refunds before mid-February 2021 for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

**Making a tax payment.** The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for information on how to make a payment using any of the following options.

- **IRS Direct Pay:** Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- **Debit or Credit Card:** Choose an approved payment processor to pay online, by phone, or by mobile device.
- **Electronic Funds Withdrawal:** Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- **Electronic Federal Tax Payment System:** Best option for businesses. Enrollment is required.

- **Check or Money Order:** Mail your payment to the address listed on the notice or instructions.
- **Cash:** You may be able to pay your taxes with cash at a participating retail store.
- **Same-Day Wire:** You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

**What if I can't pay now?** Go to [IRS.gov/Payments](https://www.irs.gov/Payments) for more information about your options.

- Apply for an **online payment agreement** ([IRS.gov/OPA](https://www.irs.gov/OPA)) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the **Offer in Compromise Pre-Qualifier** to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://www.irs.gov/OIC).

**Filing an amended return.** You can now file Form 1040-X electronically with tax filing software to amend 2019 Forms 1040 and 1040-SR. To do so, you must have e-filed your original 2019 return. Amended returns for all prior years must be mailed. See [Tips for taxpayers who need to file an amended tax return](https://www.irs.gov/irs2go) and go to [IRS.gov/Form1040X](https://www.irs.gov/Form1040X) for information and updates.

**Checking the status of your amended return.** Go to [IRS.gov/WMAR](https://www.irs.gov/WMAR) to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

**Understanding an IRS notice or letter you've received.** Go to [IRS.gov/Notices](https://www.irs.gov/Notices) to find additional information about responding to an IRS notice or letter.

**Contacting your local IRS office.** Keep in mind, many questions can be answered on [IRS.gov](https://www.irs.gov) without visiting an IRS Taxpayer Assistance Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

## The Taxpayer Advocate Service (TAS) Is Here To Help You

### What Is TAS?

TAS is an **independent** organization within the IRS that helps taxpayers and protects taxpayer



rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](#).

## How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](#) to help you understand [what these rights mean to you](#) and how they apply. These are **your** rights. Know them. Use them.

## What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;

- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

## How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](#). Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](#). You can also call them at 877-777-4778.

## How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, please report it to them at [IRS.gov/SAMS](#).

## TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

## Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee for eligible taxpayers. To find a clinic near you, visit [TaxpayerAdvocate.IRS.gov/about/LITC](#) or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).





<b>A</b> <b>Acknowledgment</b> <a href="#">20</a> Contemporaneous <a href="#">20</a> <b>Adoption expenses</b> <a href="#">8</a> <b>Airplanes, donations of</b> <a href="#">8</a> <b>Appraisal fees</b> <a href="#">8</a> <b>Assistance</b> (See Tax help)	<b>Contributions you can deduct</b> <a href="#">3</a> <b>Conventions of a qualified organization</b> <a href="#">6</a> <hr/> <b>D</b> <b>Daily allowance (per diem) from a charitable organization</b> <a href="#">6</a> <b>Deduction limits</b> <a href="#">14</a> <b>Determining fair market value</b> <a href="#">11</a> <b>Disaster relief</b> <a href="#">1</a> <b>Donor-advised funds</b> <a href="#">8</a>	<b>Membership fees or dues</b> <a href="#">4</a> <b>Mexican charity</b> <a href="#">3</a> <b>Motor vehicles, donations of</b> <a href="#">8</a> <b>Motor vehicles, fair market value</b> <a href="#">11</a> <hr/> <b>N</b> <b>Noncash contributions</b> <a href="#">20</a> How to report <a href="#">22</a> Substantiation requirements <a href="#">20</a> <b>Nondeductible contributions</b> <a href="#">7</a>	<b>Types</b> <a href="#">2</a> <hr/> <b>R</b> <b>Raffle or bingo</b> <a href="#">7</a> <b>Recapture:</b> No exempt use <a href="#">13</a> <b>Recapture of deduction of fractional interest in tangible personal property:</b> Additional tax <a href="#">10</a> <b>Reminders:</b> Disaster relief <a href="#">1</a> <b>Reporting</b> <a href="#">22</a> <b>Retirement home</b> <a href="#">7</a>
<b>B</b> <b>Bargain sales</b> <a href="#">13</a> <b>Blood donated</b> <a href="#">8</a> <b>Boats, donations of</b> <a href="#">8</a> <b>Boats, fair market value</b> <a href="#">11</a>	<hr/> <b>E</b> <b>Easement</b> <a href="#">10</a>	<hr/> <b>O</b> <b>Ordinary income property</b> <a href="#">12</a> <b>Out-of-pocket expenses</b> <a href="#">14</a> <b>Out-of-pocket expenses in giving services</b> <a href="#">5</a>	<hr/> <b>S</b> <b>Services, value of</b> <a href="#">8</a> <b>Split-dollar insurance arrangements</b> <a href="#">7</a> <b>Student</b> <a href="#">5</a> Exchange program <a href="#">5</a> <b>Student living with you</b> <a href="#">5</a> , <a href="#">22</a> <b>Substantiation requirements</b> <a href="#">20</a>
<b>C</b> <b>Canadian charity</b> <a href="#">3</a> <b>Capital gain property</b> <a href="#">12</a> <b>Car expenses</b> <a href="#">6</a> , <a href="#">22</a> <b>Carryovers</b> <a href="#">19</a> <b>Cars, donations of</b> <a href="#">8</a> <b>Cash contributions, substantiation requirements</b> <a href="#">20</a> <b>Charity benefit events</b> <a href="#">4</a> <b>Church deacon</b> <a href="#">6</a> <b>Clothing:</b> Fair market value of <a href="#">11</a> <b>Contributions from which you benefit</b> <a href="#">4</a> , <a href="#">7</a> <b>Contributions of property</b> <a href="#">8</a> <b>Contributions subject to special rules:</b> Car, boat, or airplane: 1098-C <a href="#">8</a> Clothing <a href="#">8</a> Fractional interest in tangible personal property <a href="#">8</a> Future interest in tangible personal property <a href="#">8</a> Household items <a href="#">8</a> Inventory from your business <a href="#">8</a> Partial interest in property <a href="#">8</a> Patent or other intellectual property <a href="#">8</a> Property subject to a debt <a href="#">8</a> Qualified conservation contribution <a href="#">8</a> Taxidermy property <a href="#">8</a> <b>Contributions to nonqualified organizations:</b> Foreign organizations <a href="#">7</a>	<b>F</b> <b>Food inventory</b> <a href="#">13</a> <b>Foreign organizations:</b> Canadian <a href="#">3</a> Israeli <a href="#">3</a> Mexican <a href="#">3</a> <b>Form:</b> 8282 <a href="#">23</a> 8283 <a href="#">22</a> <b>Foster parents</b> <a href="#">6</a> <b>Future interests in property</b> <a href="#">10</a> <hr/> <b>H</b> <b>Historic building</b> <a href="#">10</a> <b>Household items:</b> Fair market value of <a href="#">11</a> <b>How to report</b> <a href="#">22</a> Noncash contributions <a href="#">22</a> <hr/> <b>I</b> <b>Introduction</b> <a href="#">2</a> <b>Inventory</b> <a href="#">13</a> <b>Israeli charity</b> <a href="#">3</a>	<hr/> <b>P</b> <b>Payroll deductions</b> <a href="#">20</a> <b>Penalty, valuation overstatement</b> <a href="#">14</a> <b>Personal expenses</b> <a href="#">8</a> <b>Private foundation</b> <a href="#">15</a> <b>Private nonoperating foundation</b> <a href="#">12</a> , <a href="#">15</a> <b>Private operating foundation</b> <a href="#">15</a> <b>Property:</b> Bargain sales <a href="#">13</a> Basis <a href="#">12</a> Capital gain <a href="#">12</a> Capital gain election <a href="#">17</a> Decreased in value <a href="#">12</a> Future interests <a href="#">10</a> Increased in value <a href="#">12</a> Inventory <a href="#">13</a> Ordinary income <a href="#">12</a> Unrelated use <a href="#">12</a> <b>Publications</b> (See Tax help)	<hr/> <b>T</b> <b>Tangible personal property:</b> Future interest in <a href="#">10</a> <b>Tax help</b> <a href="#">23</a> <b>Time, value of</b> <a href="#">8</a> <b>Token items</b> <a href="#">4</a> <b>Travel expenses</b> <a href="#">6</a> <b>Travel expenses for charitable services</b> <a href="#">6</a> <b>Tuition</b> <a href="#">7</a>
	<hr/> <b>L</b> <b>Legislation, influencing</b> <a href="#">7</a> <b>Limit on itemized deductions</b> <a href="#">1</a> <b>Limits on deductions</b> <a href="#">14</a> Calculation <a href="#">16</a>	<hr/> <b>Q</b> <b>Qualified appraisal</b> <a href="#">22</a> <b>Qualified appraiser</b> <a href="#">22</a> <b>Qualified charitable distributions</b> <a href="#">7</a> <b>Qualified organizations:</b> Foreign qualified organizations: Canadian <a href="#">2</a> Israeli <a href="#">2</a> Mexican <a href="#">2</a>	<hr/> <b>U</b> <b>Underprivileged youths</b> <a href="#">6</a> <b>Uniforms</b> <a href="#">6</a> <b>Unrelated use</b> <a href="#">12</a> <hr/> <b>V</b> <b>Volunteers</b> <a href="#">6</a> <hr/> <b>W</b> <b>Whaling captain</b> <a href="#">6</a> <b>When to deduct</b> <a href="#">14</a>



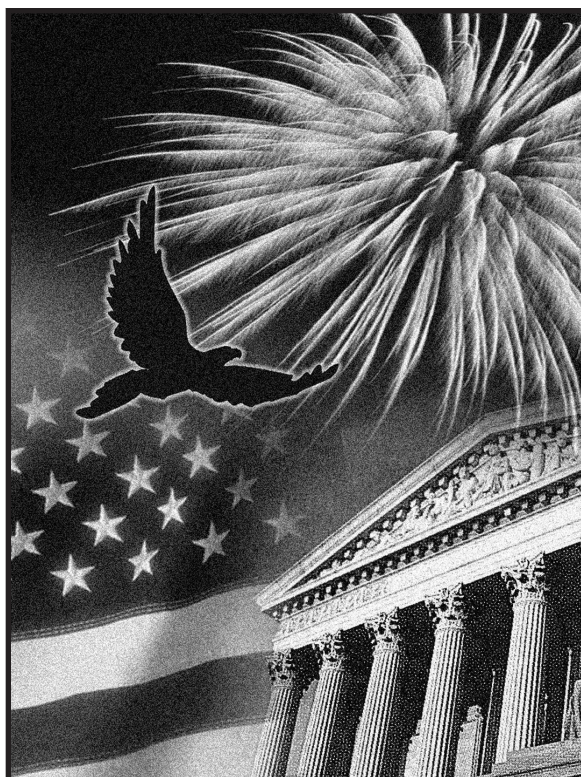
Department  
of the  
Treasury  
  
Internal  
Revenue  
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# Determining the Value of Donated Property



Get forms and other information faster and easier at:

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- [IRS.gov/Korean](https://www.irs.gov/korean) (한국어)
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## Contents

Introduction	1
What Is Fair Market Value (FMV)?	2
Valuation of Various Kinds of Property	4
Appraisals	8
Penalty	11
How To Get Tax Help	11
Index	14

## Introduction

This publication is designed to help donors and appraisers determine the value of property (other than cash) that is given to qualified organizations. It also explains what kind of information you must have to support the charitable contribution deduction you claim on your return.

This publication does not discuss how to figure the amount of your deduction for charitable contributions or written records and substantiation required. See Pub. 526, Charitable Contributions, for this information.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to: Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax forms, instructions, and publications. We can't answer tax questions sent to the above address.

**Tax questions.** If you have a tax question not answered by this publication or *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at [IRS.gov/Help/ITA](https://www.irs.gov/Help/ITA) where you can find topics using the search feature or by viewing the categories listed.

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## Useful Items

You may want to see:

### Publication

- ❑ 526 Charitable Contributions

## Forms (and Instructions)

- ☐ **8282** Donee Information Return
- ☐ **8283** Noncash Charitable Contributions
- ☐ **8283-V** Payment Voucher for Filing Fee Under Section 170(f)(13)

See [How To Get Tax Help](#) near the end of this publication, for information about getting these publications and forms.

## What Is Fair Market Value (FMV)?

To figure how much you may deduct for property that you contribute, you must first determine its fair market value on the date of the contribution.

**Fair market value.** Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts. If you put a restriction on the use of property you donate, the FMV must reflect that restriction.

**Example 1.** If you give used clothing to the Salvation Army, the FMV would be the price that typical buyers actually pay for clothing of this age, condition, style, and use. Usually, such items are worth far less than what you paid for them.

**Example 2.** If you donate land and restrict its use to agricultural purposes, you must value the land at its value for agricultural purposes, even though it would have a higher FMV if it were not restricted.

**Factors.** In making and supporting the valuation of property, all factors affecting value are relevant and must be considered. These include:

- The cost or selling price of the item,
- Sales of comparable properties,
- Replacement cost, and
- Opinions of experts.

These factors are discussed later. Also, see [Table 1](#) for a summary of questions to ask as you consider each factor.

**Date of contribution.** Ordinarily, the date of a contribution is the date that the transfer of the property takes place.

**Stock.** If you deliver, without any conditions, a properly endorsed stock certificate to a qualified organization or to an agent of the organization, the date of the contribution is the date of delivery. If the certificate is mailed and received through the regular mail, it is the date of mailing. If you deliver the certificate to a bank or broker acting as your agent or to the issuing corporation or its agent, for transfer into the name of the organization, the date of the contribution is the date the stock is transferred on the books of the corporation.

**Options.** If you grant an option to a qualified organization to buy real property, you have

not made a charitable contribution until the organization exercises the option. The amount of the contribution is the FMV of the property on the date the option is exercised minus the exercise price.

**Example.** You grant an option to a local university, which is a qualified organization, to buy real property. Under the option, the university could buy the property at any time during a 2-year period for \$40,000. The FMV of the property on the date the option is granted is \$50,000.

In the following tax year, the university exercises the option. The FMV of the property on the date the option is exercised is \$55,000. Therefore, you have made a charitable contribution of \$15,000 (\$55,000, the FMV, minus \$40,000, the exercise price) in the tax year the option is exercised.

## Determining Fair Market Value

Determining the value of donated property would be a simple matter if you could rely only on fixed formulas, rules, or methods. Usually it is not that simple. Using such formulas, etc., seldom results in an acceptable determination of FMV. There is no single formula that always applies when determining the value of property.

This is not to say that a valuation is only guesswork. You must consider all the facts and circumstances connected with the property, such as its desirability, use, and scarcity.

For example, donated furniture should not be evaluated at some fixed rate such as 15% of the cost of new replacement furniture. When the furniture is contributed, it may be out of style or in poor condition, therefore having little or no market value. On the other hand, it may be an antique, the value of which could not be determined by using any formula.

## Cost or Selling Price of the Donated Property

The cost of the property to you or the actual selling price received by the qualified organization may be the best indication of its FMV. However, because conditions in the market change, the cost or selling price of property may have less weight if the property was not bought or sold reasonably close to the date of contribution.

The cost or selling price is a good indication of the property's value if:

- The purchase or sale took place close to the valuation date in an open market,
- The purchase or sale was at "arm's-length,"
- The buyer and seller knew all relevant facts,
- The buyer and seller did not have to act, and
- The market did not change between the date of purchase or sale and the valuation date.

**Example.** Tom Morgan, who is not a dealer in gems, bought an assortment of gems for

\$5,000 from a promoter. The promoter claimed that the price was "wholesale" even though he and other dealers made similar sales at similar prices to other persons who were not dealers. The promoter said that if Tom kept the gems for more than 1 year and then gave them to charity, Tom could claim a charitable deduction of \$15,000, which, according to the promoter, would be the value of the gems at the time of contribution. Tom gave the gems to a qualified charity 13 months after buying them.

The selling price for these gems had not changed from the date of purchase to the date he donated them to charity. The best evidence of FMV depends on actual transactions and not on some artificial estimate. The \$5,000 charged Tom and others is, therefore, the best evidence of the maximum FMV of the gems.

**Terms of the purchase or sale.** The terms of the purchase or sale should be considered in determining FMV if they influenced the price. These terms include any restrictions, understandings, or covenants limiting the use or disposition of the property.

**Rate of increase or decrease in value.** Unless you can show that there were unusual circumstances, it is assumed that the increase or decrease in the value of your donated property from your cost has been at a reasonable rate. For time adjustments, an appraiser may consider published price indexes for information on general price trends, building costs, commodity costs, securities, and works of art sold at auction in arm's-length sales.

**Example.** Bill Brown bought a painting for \$10,000. Thirteen months later he gave it to an art museum, claiming a charitable deduction of \$15,000 on his tax return. The appraisal of the painting should include information showing that there were unusual circumstances that justify a 50% increase in value for the 13 months Bill held the property.

**Arm's-length offer.** An arm's-length offer to buy the property close to the valuation date may help to prove its value if the person making the offer was willing and able to complete the transaction. To rely on an offer, you should be able to show proof of the offer and the specific amount to be paid. Offers to buy property other than the donated item will help to determine value if the other property is reasonably similar to the donated property.

## Sales of Comparable Properties

The sales prices of properties similar to the donated property are often important in determining the FMV. The weight to be given to each sale depends on the following.

- The degree of similarity between the property sold and the donated property.
- The time of the sale—whether it was close to the valuation date.
- The circumstances of the sale—whether it was at arm's-length with a knowledgeable buyer and seller, with neither having to act.
- The conditions of the market in which the sale was made—whether unusually inflated or deflated.



Table 1. Factors That Affect FMV

IF the factor you are considering is...	THEN you should ask these questions...
<b>cost or selling price</b>	<p>Was the purchase or sale of the property reasonably close to the date of contribution?</p> <p>Was any increase or decrease in value, as compared to your cost, at a reasonable rate?</p> <p>Do the terms of purchase or sale limit what can be done with the property?</p> <p>Was there an arm's-length offer to buy the property close to the valuation date?</p>
<b>sales of comparable properties</b>	<p>How similar is the property sold to the property donated?</p> <p>How close is the date of sale to the valuation date?</p> <p>Was the sale at arm's-length?</p> <p>What was the condition of the market at the time of sale?</p>
<b>replacement cost</b>	<p>What would it cost to replace the donated property?</p> <p>Is there a reasonable relationship between replacement cost and FMV?</p> <p>Is the supply of the donated property more or less than the demand for it?</p>
<b>opinions of experts</b>	<p>Is the expert knowledgeable and competent?</p> <p>Is the opinion thorough and supported by facts and experience?</p>

The comparable sales method of valuing real estate is explained, later, under [Valuation of Various Kinds of Property](#).

**Example 1.** Mary Black, who is not a book dealer, paid a promoter \$10,000 for 500 copies of a single edition of a modern translation of the Bible. The promoter had claimed that the price was considerably less than the “retail” price, and gave her a statement that the books had a total retail value of \$30,000. The promoter advised her that if she kept the Bibles for more than 1 year and then gave them to a qualified organization, she could claim a charitable deduction for the “retail” price of \$30,000. Thirteen months later she gave all the bibles to a church that she selected from a list provided by the promoter. At the time of her donation, wholesale dealers were selling similar quantities of bibles to the general public for \$10,000.

The FMV of the bibles is \$10,000, the price at which similar quantities of bibles were being sold to others at the time of the contribution.

**Example 2.** The facts are the same as in *Example 1*, except that the promoter gave Mary Black a second option. The promoter said that if Mary wanted a charitable deduction within 1 year of the purchase, she could buy the 500 bibles at the “retail” price of \$30,000, paying only \$10,000 in cash and giving a promissory note for the remaining \$20,000. The principal and interest on the note would not be due for 12 years. According to the promoter, Mary could then, within 1 year of the purchase, give the bibles to a qualified organization and claim the full \$30,000 retail price as a charitable contribution. She purchased the bibles under the second option and, 3 months later, gave them to a church, which will use the books for church purposes.

At the time of the gift, the promoter was selling similar lots of bibles for either \$10,000 or \$30,000. The difference between the two prices was solely at the discretion of the buyer. The promoter was a willing seller for \$10,000. Therefore, the value of Mary's contribution of the bibles is \$10,000, the amount at which similar lots of bibles could be purchased from the promoter by members of the general public.

## Replacement Cost

The cost of buying, building, or manufacturing property similar to the donated item should be considered in determining FMV. However, there must be a reasonable relationship between the replacement cost and the FMV.

The replacement cost is the amount it would cost to replace the donated item on the valuation date. Often there is no relationship between the replacement cost and the FMV. If the supply of the donated property is more or less than the demand for it, the replacement cost becomes less important.

To determine the replacement cost of the donated property, find the “estimated replacement cost new.” Then subtract from this figure an amount for depreciation due to the physical condition and obsolescence of the donated property. You should be able to show the relationship between the depreciated replacement cost and the FMV, as well as how you arrived at the “estimated replacement cost new.”

## Opinions of Experts

Generally, the weight given to an expert's opinion on matters such as the authenticity of a coin or a work of art, or the most profitable and best use of a piece of real estate, depends on the knowledge and competence of the expert and the thoroughness with which the opinion is supported by experience and facts. For an expert's opinion to deserve much weight, the facts must support the opinion. For additional information, see [Appraisals](#), later.

## Problems in Determining Fair Market Value

There are a number of problems in determining the FMV of donated property.

## Unusual Market Conditions

The sale price of the property itself in an arm's-length transaction in an open market is often the best evidence of its value. When you rely on sales of comparable property, the sales must have been made in an open market. If those sales were made in a market that was artificially supported or stimulated so as not to be truly representative, the prices at which the sales were made will not indicate the FMV.

For example, liquidation sale prices usually do not indicate the FMV. Also, sales of stock under unusual circumstances, such as sales of small lots, forced sales, and sales in a restricted market, may not represent the FMV.

## Selection of Comparable Sales

Using sales of comparable property is an important method for determining the FMV of donated property. However, the amount of weight given to a sale depends on the degree of similarity between the comparable and the donated properties. The degree of similarity must be close enough so that this selling price would have been given consideration by reasonably well-informed buyers or sellers of the property.

**Example.** You give a rare, old book to your former college. The book is a third edition and is in poor condition because of a missing back cover. You discover that there was a sale for \$300, near the valuation date, of a first edition of the book that was in good condition. Although the contents are the same, the books are not at all similar because of the different editions and their physical condition. Little consideration would be given to the selling price of the \$300 property by knowledgeable buyers or sellers.

## Future Events

You may not consider unexpected events happening after your donation of property in making the valuation. You may consider only the facts known at the time of the gift, and those that could be reasonably expected at the time of the gift.

**Example.** You give farmland to a qualified charity. The transfer provides that your mother will have the right to all income and full use of the property for her life. Even though your mother dies 1 week after the transfer, the value of the property on the date it is given is its present value, subject to the life interest as estimated from actuarial tables. You may not take a higher deduction because the charity received full use and possession of the land only 1 week after the transfer.

## Using Past Events to Predict the Future

A common error is to rely too much on past events that do not fairly reflect the probable future earnings and FMV.

**Example.** You give all your rights in a successful patent to your favorite charity. Your records show that before the valuation date there were three stages in the patent's history of earnings. First, there was rapid growth in earnings when the invention was introduced. Then, there was a period of high earnings when the invention was being exploited. Finally, there was a decline in earnings when competing inventions were introduced. The entire history of earnings may be relevant in estimating the future earnings. However, the appraiser must not rely too much on the stage of rapid growth in earnings or of high earnings. The market conditions at those times do not represent the condition of the market at the valuation date. What is most significant is the trend of decline in earnings up to the valuation date. For more information about donations of patents, see [Patents](#), later.

## Valuation of Various Kinds of Property

This section contains information on determining the FMV of ordinary kinds of donated property. For information on appraisals, see [Appraisals](#), later.

### Household Goods

The FMV of used household goods, such as furniture, appliances, and linens, is usually much lower than the price paid when new. Such used property may have little or no market value because of its worn condition. It may be out of style or no longer useful.

You cannot take a deduction for household goods unless they are in good used condition or better. A household good that is not in good used condition or better for which you take a deduction of more than \$500 requires a qualified appraisal and Form 8283, Section B. See [Deduction over \\$500 for certain clothing or household items](#), later.

If the property is valuable because it is old or unique, see the discussion under [Paintings, Antiques, and Other Objects of Art](#).

### Used Clothing

Used clothing and other personal items are usually worth far less than the price you paid for them. Valuation of items of clothing does not lend itself to fixed formulas or methods.

The price that buyers of used items actually pay in used clothing stores, such as consignment or thrift shops, is an indication of the value.

You cannot take a deduction for clothing unless it is in good used condition or better. An item of clothing that is not in good used condition or better for which you take a deduction of more than \$500 requires a qualified appraisal and Form 8283, Section B. See [Deduction over \\$500 for certain clothing or household items](#), later.

## Jewelry and Gems

Jewelry and gems are of such a specialized nature that it is almost always necessary to get an appraisal by a specialized jewelry appraiser. The appraisal should describe, among other things, the style of the jewelry, the cut and setting of the gem, and whether it is now in fashion. If not in fashion, the possibility of having the property redesigned, recut, or reset should be reported in the appraisal. The stone's coloring, weight, cut, brilliance, and flaws should be reported and analyzed. Sentimental personal value has no effect on FMV. But if the jewelry was owned by a famous person, its value might increase.

## Paintings, Antiques, and Other Objects of Art

Your deduction for contributions of paintings, antiques, and other objects of art, should be supported by a written appraisal from a qualified and reputable source, unless the deduction is \$5,000 or less. Examples of information that should be included in appraisals of art objects—paintings in particular—are found later under [Qualified Appraisal](#).

**Art valued at \$20,000 or more.** If you claim a deduction of \$20,000 or more for donations of art, you must attach a complete copy of the signed appraisal to your return. For individual objects valued at \$20,000 or more, a photograph of a size and quality fully showing the object, preferably an 8 x 10 inch color photograph or a high-resolution digital image, must be provided upon request.

**Art valued at \$50,000 or more.** If you donate an item of art that has been appraised at \$50,000 or more, you can request a Statement of Value for that item from the IRS. You must request the statement before filing the tax return that reports the donation. Your request must include the following.

- A copy of a qualified appraisal of the item. See [Qualified Appraisal](#), later.
- A user fee of \$6,500 for one to three items (\$7,500 for requests received after February 1, 2020) and \$300 for each additional item (\$400 for requests received after February 1, 2020) paid through [Pay.gov](#). A payment confirmation will be provided to you through the [Pay.gov](#) portal and you should submit the payment confirmation with your Statement of Value request.
- A completed Form 8283, Section B.
- The location of the IRS territory that has examination responsibility for your return.

If your request lacks essential information, you will be notified and given 30 days to provide the missing information.

Send your request to:

Internal Revenue Service/Art Appraisal Services  
1111 Constitution Ave., Suite 700  
C:AP:SO:ART  
Washington, DC 20224-0002  
ATTN: AAS

**Refunds.** You can withdraw your request for a Statement of Value at any time before it is issued. However, the IRS will not refund the user fee if you do.

If the IRS declines to issue a Statement of Value in the interest of efficient tax administration, the IRS will refund the user fee.

**Authenticity.** The authenticity of the donated art must be determined by the appraiser.

**Physical condition.** Important items in the valuation of antiques and art are physical condition and extent of restoration. These have a significant effect on the value and must be fully reported in an appraisal. An antique in damaged condition, or lacking the "original brasses," may be worth much less than a similar piece in excellent condition.

**Art appraisers.** More weight will usually be given to an appraisal prepared by an individual specializing in the kind and price range of the art being appraised. Certain art dealers or appraisers specialize, for example, in old masters, modern art, bronze sculpture, etc. Their opinions on the authenticity and desirability of such art would usually be given more weight than the opinions of more generalized art dealers or appraisers. They can report more recent comparable sales to support their opinion.

To identify and locate experts on unique, specialized items or collections, you may wish to use the current Official Museum Directory of the American Association of Museums. It lists museums both by state and by category.

To help you locate a qualified appraiser for your donation, you may wish to search on the Internet. You may also wish to ask an art historian at a nearby college or the director or curator of a local museum. You may also contact associations of dealers for guidance.

## Collections

Since many kinds of hobby collections may be the subject of a charitable donation, it is not possible to discuss all of the possible collectibles in this publication. Most common are rare books, autographs, sports memorabilia, dolls, manuscripts, stamps, coins, guns, phonograph records, and natural history items. Many of the elements of valuation that apply to paintings and other objects of art, discussed earlier, also apply to miscellaneous collections.

**Reference material.** Publications available to help you determine the value of many kinds of collections include catalogs, dealers' price lists, and specialized hobby periodicals. When using one of these price guides, you must use the current edition at the date of contribution. However, these sources are not always reliable indicators of FMV and should be supported by other evidence.

For example, a dealer may sell an item for much less than is shown on a price list, particularly after the item has remained unsold for a long time. The price an item sold for in an auction may have been the result of a rigged sale or a mere bidding duel. The appraiser must analyze the reference material, and recognize and make adjustments for misleading entries. If you

are donating a valuable collection, you should get an appraisal. If your donation appears to be of little value, you may be able to make a satisfactory valuation using reference materials available at a state, city, college, or museum library.

**Stamp collections.** Most libraries have catalogs or other books that report the publisher's estimate of values. Generally, two price levels are shown for each stamp: the price postmarked and the price not postmarked. Stamp dealers generally know the value of their merchandise and are able to prepare satisfactory appraisals of valuable collections.

**Coin collections.** Many catalogs and other reference materials show the writer's or publisher's opinion of the value of coins on or near the date of the publication. Like many other collectors' items, the value of a coin depends on the demand for it, its age, and its rarity. Another important factor is the coin's condition. For example, there is a great difference in the value of a coin that is in mint condition and a similar coin that is only in good condition.

Catalogs usually establish a category for coins, based on their physical condition—mint or uncirculated, extremely fine, very fine, fine, very good, good, fair, or poor—with a different valuation for each category.

**Books.** The value of books is usually determined by selecting comparable sales and adjusting the prices according to the differences between the comparable sales and the item being evaluated. This is difficult to do and, except for a collection of little value, should be done by a specialized appraiser. Within the general category of literary property, there are dealers who specialize in certain areas, such as Americana, foreign imports, bibles, and scientific books.

**Modest value of collection.** If the collection you are donating is of modest value, not requiring a written appraisal, the following information may help you in determining the FMV.

A book that is very old, or very rare, is not necessarily valuable. There are many books that are very old or rare, but that have little or no market value.

**Condition of book.** The condition of a book may have a great influence on its value. Collectors are interested in items that are in fine, or at least good, condition. When a book has a missing page, a loose binding, tears, stains, or is otherwise in poor condition, its value is greatly lowered.

**Other factors.** Some other factors in the valuation of a book are the kind of binding (leather, cloth, paper), page edges, and illustrations (drawings and photographs). Collectors usually want first editions of books. However, because of changes or additions, other editions are sometimes worth as much as, or more than, the first edition.

**Manuscripts, autographs, diaries, and similar items.** When these items are handwritten, or at least signed by famous people, they are often in demand and are valuable. The writings of unknowns also may be of value if they are of unusual historical or literary importance. Deter-

mining the value of such material is difficult. For example, there may be a great difference in value between two diaries that were kept by a famous person—one kept during childhood and the other during a later period in his or her life. The appraiser determines a value in these cases by applying knowledge and judgment to such factors as comparable sales and conditions.

**Signatures.** Signatures, or sets of signatures, that were cut from letters or other papers usually have little or no value. But complete sets of the signatures of U.S. presidents are in demand.

## Cars, Boats, and Aircraft

If you donate a car, a boat, or an aircraft to a charitable organization, its FMV must be determined.

Certain commercial firms and trade organizations publish monthly or seasonal guides for different regions of the country, containing complete dealer sale prices or dealer average prices for recent model years. Prices are reported for each make, model, and year. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices are not "official," and these publications are not considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available from public libraries or at a bank, credit union, or finance company. You can also find pricing information about used cars on the Internet.

An acceptable measure of the FMV of a donated car, boat, or airplane is an amount not in excess of the price listed in a used vehicle pricing guide for a private party sale, not the dealer retail value, 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.** You donate a used car in poor condition to a local high school for use by students studying car repair. A used car guide shows the dealer retail value for this type of car in poor condition is \$1,600. However, the guide shows the price for a private party sale of the car is only \$750. The FMV of the car is considered to be no more than \$750.

**Boats.** Except for inexpensive small boats, the valuation of boats should be based on an appraisal by a marine surveyor because the physical condition is so critical to the value.

**More information.** Your deduction for a donated car, boat, or airplane generally is limited to

the gross proceeds from its sale by the qualified organization. This rule applies if the claimed value of the donated vehicle is more than \$500. In certain cases, you can deduct the vehicle's FMV. For details, see Pub. 526.

## Inventory

If you donate any inventory item to a charitable organization, the amount of your deductible contribution generally is the FMV of the item, minus any gain you would have realized if you had sold the item at its FMV on the date of the gift. For more information, see Pub. 526.

## Patents

To determine the FMV of a patent, you must take into account, among other factors:

- Whether the patented technology has been made obsolete by other technology;
- Any restrictions on the donee's use of, or ability to transfer, the patented technology; and
- The length of time remaining before the patent expires.

However, your deduction for a donation of a patent or other intellectual property is its FMV, minus any gain you would have realized if you had sold the property at its FMV on the date of the gift. Generally, this means your deduction is the lesser of the property's FMV or its basis. For details, see Pub. 526.

## Stocks and Bonds

The value of stocks and bonds is the FMV of a share or bond on the valuation date. See [Date of contribution](#), earlier, under [What Is Fair Market Value \(FMV\)?](#).

**Selling prices on valuation date.** If there is an active market for the contributed stocks or bonds on a stock exchange, in an over-the-counter market, or elsewhere, the FMV of each share or bond is the average price between the highest and lowest quoted selling prices on the valuation date. For example, if the highest selling price for a share was \$11 and the lowest \$9, the average price is \$10. You get the average price by adding \$11 and \$9 and dividing the sum by 2.

**No sales on valuation date.** If there were no sales on the valuation date, but there were sales within a reasonable period before and after the valuation date, you determine FMV by taking the average price between the highest and lowest sales prices on the nearest date before and on the nearest date after the valuation date. Then you weight these averages in inverse order by the respective number of trading days between the selling dates and the valuation date.

**Example.** On the day you gave stock to a qualified organization, there were no sales of the stock. Sales of the stock nearest the valuation date took place two trading days before the valuation date at an average selling price of \$10 and three trading days after the valuation date at an average selling price of \$15. The FMV on the valuation date was \$12, figured as follows.



$$[(3 \times \$10) + (2 \times \$15)] \div 5 = \$12$$

**Listings on more than one stock exchange.** Stocks or bonds listed on more than one stock exchange are valued based on the prices of the exchange on which they are principally dealt. This applies if these prices are published in a generally available listing or publication of general circulation. If this is not applicable, and the stocks or bonds are reported on a composite listing of combined exchanges in a publication of general circulation, use the composite list. See also [Unavailable prices or closely held corporation](#).

**Bid and asked prices on valuation date.** If there were no sales within a reasonable period before and after the valuation date, the FMV is the average price between the bona fide bid and asked prices on the valuation date.

**Example.** Although there were no sales of Blue Corporation stock on the valuation date, bona fide bid and asked prices were available on that date of \$14 and \$16, respectively. The FMV is \$15, the average price between the bid and asked prices.

**No prices on valuation date.** If there were no prices available on the valuation date, you determine FMV by taking the average prices between the bona fide bid and asked prices on the closest trading date before and after the valuation date. Both dates must be within a reasonable period. Then you weight these averages in inverse order by the respective number of trading days between the bid and asked dates and the valuation date.

**Example.** On the day you gave stock to a qualified organization, no prices were available. Bona fide bid and asked prices 3 days before the valuation date were \$10 and 2 days after the valuation date were \$15. The FMV on the valuation date is \$13, figured as follows:

$$[(2 \times \$10) + (3 \times \$15)] \div 5 = \$13$$

**Prices only before or after valuation date, but not both.** If no selling prices or bona fide bid and asked prices are available on a date within a reasonable period before the valuation date, but are available on a date within a reasonable period after the valuation date, or vice versa, then the average price between the highest and lowest of such available prices may be treated as the value.

**Large blocks of stock.** When a large block of stock is put on the market, it may lower the selling price of the stock if the supply is greater than the demand. On the other hand, market forces may exist that will afford higher prices for large blocks of stock. Because of the many factors to be considered, determining the value of large blocks of stock usually requires the help of experts specializing in underwriting large quantities of securities or in trading in the securities of the industry of which the particular company is a part.

**Unavailable prices or closely held corporation.** If selling prices or bid and asked prices are not available, or if securities of a closely

held corporation are involved, determine the FMV by considering the following factors.

- For bonds, the soundness of the security, the interest yield, the date of maturity, and other relevant factors.
- For shares of stock, the company's net worth, prospective earning power and dividend-paying capacity, and other relevant factors.

**Other factors.** Other relevant factors include:

- The nature and history of the business, especially its recent history;
- The goodwill of the business;
- The economic outlook in the particular industry;
- The company's position in the industry, its competitors, and its management; and
- The value of securities of corporations engaged in the same or similar business.

For preferred stock, the most important factors are its yield, dividend coverage, and protection of its liquidation preference.

You should keep complete financial and other information on which the valuation is based. This includes copies of reports of examinations of the company made by accountants, engineers, or any technical experts on or close to the valuation date.

**Restricted securities.** Some classes of stock cannot be traded publicly because of restrictions imposed by the Securities and Exchange Commission, or by the corporate charter or a trust agreement. These restricted securities usually trade at a discount in relation to freely traded securities.

To arrive at the FMV of restricted securities, factors that you must consider include the resale provisions found in the restriction agreements, the relative negotiating strengths of the buyer and seller, and the market experience of freely traded securities of the same class as the restricted securities.

## Real Estate

Because each piece of real estate is unique and its valuation is complicated, a detailed appraisal by a professional appraiser is necessary.

The appraiser must be thoroughly trained in the application of appraisal principles and theory. In some instances the opinions of equally qualified appraisers may carry unequal weight, such as when one appraiser has a better knowledge of local conditions.

The appraisal report must contain a complete description of the property, such as street address, legal description, and lot and block number, as well as physical features, condition, and dimensions. The use to which the property is put, zoning and permitted uses, and its potential use for other higher and better uses are also relevant.

In general, there are three main approaches to the valuation of real estate. An appraisal may require the combined use of two or three methods rather than one method only.

## 1. Comparable Sales

The comparable sales method compares the donated property with several similar properties that have been sold. The selling prices, after adjustments for differences in date of sale, size, condition, and location, would then indicate the estimated FMV of the donated property.

If the comparable sales method is used to determine the value of unimproved real property (land without significant buildings, structures, or any other improvements that add to its value), the appraiser should consider the following factors when comparing the potential comparable property and the donated property:

- Location, size, and zoning or use restrictions;
- Accessibility and road frontage, and available utilities and water rights;
- Riparian rights (right of access to and use of the water by owners of land on the bank of a river) and existing easements, rights-of-way, leases, etc.;
- Soil characteristics, vegetative cover, and status of mineral rights; and
- Other factors affecting value.

For each comparable sale, the appraisal must include the names of the buyer and seller, the deed book and page number, the date of sale and selling price, a property description, the amount and terms of mortgages, property surveys, the assessed value, the tax rate, and the assessor's appraised FMV.

The comparable selling prices must be adjusted to account for differences between the sale property and the donated property. Because differences of opinion may arise between appraisers as to the degree of comparability and the amount of the adjustment considered necessary for comparison purposes, an appraiser should document each item of adjustment.

Only comparable sales having the least adjustments in terms of items and/or total dollar adjustments should be considered as comparable to the donated property.

## 2. Capitalization of Income

This method capitalizes the net income from the property at a rate that represents a fair return on the particular investment at the particular time, considering the risks involved. The key elements are the determination of the income to be capitalized and the rate of capitalization.

## 3. Replacement Cost New or Reproduction Cost Minus Observed Depreciation

This method, used alone, usually does not result in a determination of FMV. Instead, it generally tends to set the upper limit of value, particularly in periods of rising costs, because it is reasonable to assume that an informed buyer will not pay more for the real estate than it would cost to reproduce a similar property. Of course, this reasoning does not apply if a similar property cannot be created because of location, unusual construction, or some other

reason. Generally, this method serves to support the value determined from other methods. When the replacement cost method is applied to improved realty, the land and improvements are valued separately.

The replacement cost of a building is figured by considering the materials, the quality of workmanship, and the number of square feet or cubic feet in the building. This cost represents the total cost of labor and material, overhead, and profit. After the replacement cost has been figured, consideration must be given to the following factors:

- Physical deterioration—the wear and tear on the building itself;
- Functional obsolescence—usually in older buildings with, for example, inadequate lighting, plumbing, or heating, small rooms, or a poor floor plan; and
- Economic obsolescence—outside forces causing the whole area to become less desirable.

## Interest in a Business

The FMV of any interest in a business, whether a sole proprietorship or a partnership, is the amount that a willing buyer would pay for the interest to a willing seller after consideration of all relevant factors. The relevant factors to be considered in valuing the business are:

- The FMV of the assets of the business;
- The demonstrated earnings capacity of the business, based on a review of past and current earnings; and
- The other factors used in evaluating corporate stock, if they apply.

The value of the goodwill of the business should also be taken into consideration. You should keep complete financial and other information on which you base the valuation. This includes copies of reports of examinations of the business made by accountants, engineers, or any technical experts on or close to the valuation date.

## Annuities, Interests for Life or Terms of Years, Remainders, and Reversions

The value of these kinds of property is their present value, except in the case of annuities under contracts issued by companies regularly engaged in their sale. The valuation of these commercial annuity contracts and of insurance policies is discussed later under [Certain Life Insurance and Annuity Contracts](#).

To determine present value, you must know the applicable interest rate and use actuarial tables.

**Interest rate.** The applicable interest rate varies. It is announced monthly in a news release and published in the Internal Revenue Bulletin as a Revenue Ruling. The interest rate to use is under the heading “Rate Under Section 7520” for a given month and year. You can call the IRS office at 1-800-829-1040 to obtain this rate.

**Actuarial tables.** You need to refer to actuarial tables to determine a qualified interest in the form of an annuity, any interest for life or a term of years, or any remainder interest to a charitable organization.

Use the valuation tables set forth in IRS Publications 1457, Actuarial Values (Book Aleph), and 1458, Actuarial Values (Book Beth). Both of these publications provide tables containing actuarial factors to be used in determining the present value of an annuity, an interest for life or for a term of years, or a remainder or reversionary interest. For qualified charitable transfers, you can use the factor for the month in which you made the contribution or for either of the 2 months preceding that month.

Pub. 1457 also contains actuarial factors for computing the value of a remainder interest in a charitable remainder annuity trust and a pooled income fund. Pub. 1458 contains the factors for valuing the remainder interest in a charitable remainder unitrust. You can download Publications 1457 and 1458 from [IRS.gov](#). Tables containing actuarial factors for transfers to pooled income funds may also be found in Income Tax Regulation 1.642(c)-6(e)(6), transfers to charitable remainder unitrusts in Regulations section 1.664-4(e), and other transfers in Regulations section 20.2031-7(d)(6).

**Special factors.** If you need a special factor for an actual transaction, you can request a letter ruling. Be sure to include the date of birth of each person the duration of whose life may affect the value of the interest. Also include copies of the relevant instruments. IRS charges a user fee for providing special factors.

For more information about requesting a ruling, see Revenue Procedure 2020-1 (or annual update).

For information on the circumstances under which a charitable deduction may be allowed for the donation of a partial interest in property not in trust, see [Partial Interest in Property Not in Trust](#), later.

## Certain Life Insurance and Annuity Contracts

The value of an annuity contract or a life insurance policy issued by a company regularly engaged in the sale of such contracts or policies is the amount that company would charge for a comparable contract.

But if the donee of a life insurance policy may reasonably be expected to cash the policy rather than hold it as an investment, then the FMV is the cash surrender value rather than the replacement cost.

If an annuity is payable under a combination annuity contract and life insurance policy (for example, a retirement income policy with a death benefit) and there was no insurance element when it was transferred to the charity, the policy is treated as an annuity contract.

## Partial Interest in Property Not in Trust

Generally, no deduction is allowed for a charitable contribution, not made in trust, of less than

your entire interest in property. However, this does not apply to a transfer of less than your entire interest if it is a transfer of:

- A remainder interest in your personal residence or farm,
- An undivided part of your entire interest in property, or
- A qualified conservation contribution.

## Remainder Interest in Real Property

The amount of the deduction for a donation of a remainder interest in real property is the FMV of the remainder interest at the time of the contribution. To determine this value, you must know the FMV of the property on the date of the contribution. Multiply this value by the appropriate factor. Pubs. 1457 and 1458 contain these factors.

You must make an adjustment for depreciation or depletion using the factors shown in Pub. 1459, Actuarial Values (Book Gimel). You can use the factors for the month in which you made the contribution or for either of the two months preceding that month. See the earlier discussion on [Annuities, Interests for Life or Terms of Years, Remainders, and Reversions](#). You can download Pub. 1459 from [IRS.gov](#).

For this purpose, the term “depreciable property” means any property subject to wear and tear or obsolescence, even if not used in a trade or business or for the production of income.

If the remainder interest includes both depreciable and nondepreciable property, for example a house and land, the FMV must be allocated between each kind of property at the time of the contribution. This rule also applies to a gift of a remainder interest that includes property that is part depletable and part not depletable. Take into account depreciation or depletion only for the property that is subject to depreciation or depletion.

For more information, see section 1.170A-12 of the Income Tax Regulations.

## Undivided Part of Your Entire Interest

A contribution of an undivided part of your entire interest in property must consist of a part of each and every substantial interest or right you own in the property. It must extend over the entire term of your interest in the property. For example, you are entitled to the income from certain property for your life (life estate) and you contribute 20% of that life estate to a qualified organization. You can claim a deduction for the contribution if you do not have any other interest in the property. To figure the value of a contribution involving a partial interest, see Pub. 1457.

If the only interest you own in real property is a remainder interest and you transfer part of that interest to a qualified organization, see the previous discussion on valuation of a remainder interest in real property.

## Qualified Conservation Contribution

A qualified conservation contribution is a contribution of a qualified real property interest to a qualified organization to be used only for conservation purposes.

**Qualified organization.** For purposes of a qualified conservation contribution, a qualified organization is:

- A governmental unit;
- A publicly supported charitable, religious, scientific, literary, educational, etc., organization; or
- An organization that is controlled by, and operated for the exclusive benefit of, a governmental unit or a publicly supported charity.

The organization also must have a commitment to protect the conservation purposes of the donation and must have the resources to enforce the restrictions.

**Conservation purposes.** Your contribution must be made only for one of the following conservation purposes.

- Preserving land areas for outdoor recreation by, or for the education of, the general public.
- Protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem.
- Preserving open space, including farmland and forest land, if it yields a significant public benefit. It must be either for the scenic enjoyment of the general public or under a clearly defined federal, state, or local governmental conservation policy.
- Preserving an historically important land area or a certified historic structure. There must be some visual public access to the property. Factors used in determining the type and amount of public access required include the historical significance of the property, the remoteness or accessibility of the site, and the extent to which intrusions on the privacy of individuals living on the property would be unreasonable.

**Building in registered historic district.** A contribution of a qualified real property interest that is an easement or other restriction on the exterior of a building in a registered historic district is deductible only if it meets all of the following three conditions.

1. The restriction must preserve the entire exterior of the building and must prohibit any change to the exterior of the building that is inconsistent with its historical character.
2. You and the organization receiving the contribution must enter into a written agreement certifying, that the organization is a qualified organization and that it has the resources and commitment to maintain the property as donated.
3. If you make the contribution, you must include with your return:
  - a. A qualified appraisal,

- b. Photographs of the building's entire exterior, and
- c. A description of all restrictions on development of the building, such as zoning laws and restrictive covenants.

If you 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, Payment Voucher for Filing Fee Under Section 170(f)(13), and its instructions.

**Qualified real property interest.** This is any of the following interests in real property.

1. Your entire interest in real estate other than a mineral interest (subsurface oil, gas, or other minerals, and the right of access to these minerals).
2. A remainder interest.
3. A restriction (granted in perpetuity) on the use that may be made of the real property.

**Valuation.** A qualified real property interest described in (1) should be valued in a manner that is consistent with the type of interest transferred. If you transferred all the interest in the property, the FMV of the property is the amount of the contribution. If you do not transfer the mineral interest, the FMV of the surface rights in the property is the amount of the contribution.

If you owned only a remainder interest or an income interest (life estate), see [Undivided Part of Your Entire Interest](#), earlier. If you owned the entire property but transferred only a remainder interest (item (2)), see [Remainder Interest in Real Property](#), earlier.

In determining the value of restrictions, you should take into account the selling price in arm's-length transactions of other properties that have comparable restrictions. If there are no comparable sales, the restrictions are valued indirectly as the difference between the FMVs of the property involved before and after the grant of the restriction.

The FMV of the property before contribution of the restriction should take into account not only current use but the likelihood that the property, without the restriction, would be developed. You should also consider any zoning, conservation, or historical preservation laws that would restrict development. Granting an easement may increase, rather than reduce, the value of property, and in such a situation no deduction would be allowed.

**Example.** You own 10 acres of farmland. Similar land in the area has an FMV of \$2,000 an acre. However, land in the general area that is restricted solely to farm use has an FMV of \$1,500 an acre. Your county wants to preserve open space and prevent further development in your area.

You grant to the county an enforceable open space easement in perpetuity on 8 of the 10 acres, restricting its use to farmland. The value of this easement is \$4,000, determined as follows:

FMV of the property before granting easement:		
\$2,000 × 10 acres		\$20,000
FMV of the property after granting easement:		
\$1,500 × 8 acres	\$12,000	
\$2,000 × 2 acres	4,000	16,000
Value of easement		\$4,000

If you later transfer in fee your remaining interest in the 8 acres to another qualified organization, the FMV of your remaining interest is the FMV of the 8 acres reduced by the FMV of the easement granted to the first organization.

**More information.** For more information about qualified conservation contributions, see Pub. 526.

## Appraisals

Appraisals are not necessary for items of property for which you claim a deduction of \$5,000 or less. (There is one exception, described next, for certain clothing and household items.) However, you generally will need an appraisal for donated property for which you claim a deduction of more than \$5,000. There are exceptions. See [Deductions of More Than \\$5,000](#), later.

The weight given an appraisal depends on the completeness of the report, the qualifications of the appraiser, and the appraiser's demonstrated knowledge of the donated property. An appraisal must give all the facts on which to base an intelligent judgment of the value of the property.

The appraisal will not be given much weight if:

- All the factors that apply are not considered,
- The opinion is not supported with facts, such as purchase price and comparable sales, or
- The opinion is not consistent with known facts.

The appraiser's opinion is never more valid than the facts on which it is based; without these facts it is simply a guess.

The opinion of a person claiming to be an expert is not binding on the Internal Revenue Service. All facts associated with the donation must be considered.

**Deduction over \$500 for certain clothing or household items.** You must include with your return a qualified appraisal prepared by a qualified appraiser of any single item of clothing or any household item that is not in good used condition or better, and for which you deduct more than \$500. Attach the appraisal and Form 8283, Section B, Noncash Charitable Contributions, to your return. See [Household Goods and Used Clothing](#), earlier.

**Cost of appraisals.** You may not take a charitable contribution deduction for fees you pay for appraisals of your donated property.



## Deductions of More Than \$5,000

Generally, if the claimed deduction for an item or group of similar items of donated property is more than \$5,000, you must get a qualified appraisal signed and dated by a qualified appraiser and you must attach Section B of Form 8283 to your tax return. There are exceptions, discussed later. You should keep the appraiser's report with your written records. Records are discussed in Pub. 526.

The phrase "similar items" means property of the same generic category or type (whether or not donated to the same donee), such as stamp collections, coin collections, lithographs, paintings, photographs, books, nonpublicly traded stock, nonpublicly traded securities other than nonpublicly traded stock, land, buildings, clothing, jewelry, furniture, electronic equipment, household appliances, toys, everyday kitchenware, china, crystal, or silver. For example, if you give books to three schools and you deduct \$2,000, \$2,500, and \$900, respectively, your claimed deduction is more than \$5,000 for these books. You must get a qualified appraisal of the books and for each school you must attach a fully completed Form 8283, Section B, to your tax return.

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

- Nonpublicly traded stock of \$10,000 or less;
- A vehicle for which you obtained a contemporaneous written acknowledgement (including a car, boat, or airplane) for which your deduction is limited to the gross proceeds from its sale;
- Qualified intellectual property, such as a patent;
- Certain publicly traded securities for which market quotations are readily available;
- 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) of the Internal Revenue Code; or
- Stock in trade, inventory, or property held primarily for sale to customers in the ordinary course of your trade or business.

Although an appraisal is not required for the types of property just listed, you must provide certain information about a donation of any of these types of property on Form 8283.

**Publicly traded securities.** Even if your claimed deduction is more than \$5,000, neither a qualified appraisal nor Section B of Form 8283 is required for publicly traded securities that are:

- Listed on a stock exchange in which quotations are published on a daily basis,
- Regularly traded in a national or regional over-the-counter market for which published quotations are available, or
- Shares of an open-end investment company (mutual fund) for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

Publicly traded securities that meet these requirements must be reported on Form 8283, Section A.

A qualified appraisal is not required, but the applicable parts of Form 8283, Section B, must be completed, for an issue of a security that does not meet the requirements just listed but does meet these requirements:

1. The issue is regularly traded during the computation period (defined later) in a market for which there is an "interdealer quotation system" (defined later),
2. The issuer or agent computes the "average trading price" (defined later) for the same issue for the computation period,
3. The average trading price and total volume of the issue during the computation period are published in a newspaper of general circulation throughout the United States, not later than the last day of the month following the end of the calendar quarter in which the computation period ends,
4. The issuer or agent keeps books and records that list for each transaction during the computation period the date of settlement of the transaction, the name and address of the broker or dealer making the market in which the transaction occurred, and the trading price and volume, and
5. The issuer or agent permits the Internal Revenue Service to review the books and records described in item (4) with respect to transactions during the computation period upon receiving reasonable notice.

An interdealer quotation system is any system of general circulation to brokers and dealers that regularly disseminates quotations of obligations by two or more identified brokers or dealers who are not related to either the issuer or agent who computes the average trading price of the security. A quotation sheet prepared and distributed by a broker or dealer in the regular course of business and containing only quotations of that broker or dealer is not an interdealer quotation system.

The average trading price is the average price of all transactions (weighted by volume), other than original issue or redemption transactions, conducted through a United States office of a broker or dealer who maintains a market in the issue of the security during the computation period. Bid and asked quotations are not taken into account.

The computation period is weekly during October through December and monthly during January through September. The weekly computation periods during October through December begin with the first Monday in October and end with the first Sunday following the last Monday in December.

**Nonpublicly traded stock.** If you contribute nonpublicly traded stock, for which you claim a deduction of \$10,000 or less, a qualified appraisal is not required. However, you must attach Form 8283 to your tax return, with Section B, Parts I and IV, completed.

## Deductions of More Than \$500,000

If you claim a deduction of more than \$500,000 for a donation of property, you must attach a qualified appraisal of the property to your return. This does not apply to contributions of cash, inventory, publicly traded stock, or intellectual property.

If you do not attach the appraisal, you cannot deduct your contribution, unless your failure to attach the appraisal is due to reasonable cause and not to willful neglect.

## Qualified Appraisal

Generally, if the claimed deduction for an item or group of similar items of donated property is more than \$5,000, you must get a qualified appraisal signed and dated by a qualified appraiser. You must also complete Form 8283, Section B, and attach it to your tax return. See [Deductions of More Than \\$5,000](#), earlier.

A qualified appraisal is an appraisal document that:

- Is made, signed, and dated by a qualified appraiser (defined later) in accordance with generally accepted appraisal standards;
- Meets the relevant requirements of Regulations section 1.170A-17(a);
- Is dated no earlier than 60 days before the date of the contribution and no later than the date of the contribution. For an appraisal report dated on or after the date of the contribution, the valuation effective date must be the date of the contribution made not earlier than 60 days before the date of contribution of the appraised property, and
- Does not involve a prohibited appraisal fee.

You must receive the qualified appraisal before the due date, including extensions, of the return on which a charitable contribution deduction is first claimed for the donated property. If the deduction is first claimed on an amended return, the qualified appraisal must be received before the date on which the amended return is filed.

Form 8283, Section B, must be attached to your tax return. Generally, you do not need to attach the qualified appraisal itself, but you should keep a copy as long as it may be relevant under the tax law. There are four exceptions.

- If you claim a deduction of \$20,000 or more for donations of art, you must attach a complete copy of the appraisal. See [Paintings, Antiques, and Other Objects of Art](#), earlier.
- If you claim a deduction of more than \$500,000 for a donation of property, you must attach the appraisal. See [Deductions of More Than \\$500,000](#), earlier.
- If you claim a deduction of more than \$500 for an article of clothing, or a household item, that is not in good used condition or better, you must attach the appraisal and Section B of Form 8283 to your return. See

[Deduction over \\$500 for certain clothing or household items](#), earlier.

- If you claim a deduction for an easement or other restriction on the exterior of a building in a historic district, you must attach the appraisal. See [Building in registered historic district](#), earlier.

**Prohibited appraisal fee.** Generally, no part of the fee arrangement for a qualified appraisal can be based on a percentage of the appraised value of the property. If a fee arrangement is based on what is allowed as a deduction, after Internal Revenue Service examination or otherwise, it is treated as a fee based on a percentage of appraised value. However, appraisals are not disqualified when an otherwise prohibited fee is paid to a generally recognized association that regulates appraisers if:

- The association is not organized for profit and no part of its net earnings benefits any private shareholder or individual,
- The appraiser does not receive any compensation from the association or any other persons for making the appraisal, and
- The fee arrangement is not based in whole or in part on the amount of the appraised value that is allowed as a deduction after an Internal Revenue Service examination or otherwise.

**Information included in qualified appraisal.** A qualified appraisal must include the following information.

1. A description of the property in sufficient detail for a person who is not generally familiar with the type of property to determine that the property appraised is the property that was (or will be) contributed;
2. The physical condition of any tangible property;
3. The date (or expected date) of contribution;
4. The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor and donee that relates to the use, sale, or other disposition of the donated property, including, for example, the terms of any agreement or understanding that:
  - a. Temporarily or permanently restricts a donee's right to use or dispose of the donated property;
  - b. Earmarks donated property for a particular use; or
  - c. Reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fundraising) any right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property;
5. The name, address, and taxpayer identification number of the qualified appraiser

and, if the appraiser is a partner, an employee, or an independent contractor engaged by a person other than the donor, the name, address, and taxpayer identification number of the partnership or the person who employs or engages the appraiser,

6. The qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and any membership in professional appraisal associations;
7. A statement that the appraisal was prepared for income tax purposes;
8. The date (or dates) on which the property was valued;
9. The appraised FMV on the date (or expected date) of contribution;
10. The method of valuation used to determine FMV, such as the income approach, the comparable sales or market data approach, or the replacement cost less depreciation approach; and
11. The specific basis for the valuation, such as any specific comparable sales transaction.

**Art objects.** The following are examples of information that should be included in a description of donated property. These examples are for art objects. A similar detailed breakdown should be given for other property. Appraisals of art objects—paintings in particular—should include all of the following.

1. A complete description of the object, indicating the:
  - a. Size,
  - b. Subject matter,
  - c. Medium,
  - d. Name of the artist (or culture), and
  - e. Approximate date created.
2. The cost, date, and manner of acquisition.
3. A history of the item, including proof of authenticity.
4. A professional quality image of the object.
5. The facts on which the appraisal was based, such as:
  - a. Sales or analyses of similar works by the artist, particularly on or around the valuation date.
  - b. Quoted prices in dealer's catalogs of the artist's works or works of other artists of comparable stature.
  - c. A record of any exhibitions at which the specific art object had been displayed.
  - d. The economic state of the art market at the time of valuation, particularly with respect to the specific property.
  - e. The standing of the artist in his profession and in the particular school or time period.

**Number of qualified appraisals.** A separate qualified appraisal is required for each item

of property that is not included in a group of similar items of property. You need only one qualified appraisal for a group of similar items of property contributed in the same tax year, but you may get separate appraisals for each item. A qualified appraisal for a group of similar items must provide all of the required information for each item of similar property. The appraiser, however, may provide a group description for selected items the total value of which is not more than \$100.

**Qualified appraiser.** A qualified appraiser is an individual with verifiable education and experience in valuing the type of property for which the appraisal is performed.

1. The individual:
  - a. Has earned an appraisal designation from a generally recognized professional appraiser organization, or
  - b. Has met certain minimum education requirements and two or more years of experience. To meet the minimum education requirement you must have successfully completed professional or college-level coursework obtained from:
    - i. A professional or college-level educational organization,
    - ii. A professional trade or appraiser organization that regularly offers educational programs in valuing the type of property, or
    - iii. An employer as part of an employee apprenticeship or education program similar to professional or college-level courses.
2. The individual regularly prepares appraisals for which he or she is paid.
3. The individual is not an [excluded individual](#).

In addition, the appraiser must make a declaration in the appraisal 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 appraiser must complete the Declaration of Appraiser section on Form 8283, Section B. More than one appraiser may appraise the property, provided that each complies with the requirements, including signing the qualified appraisal and the Declaration of Appraiser section on Form 8283, Section B.

**Excluded individuals.** The following individuals cannot be qualified appraisers for the donated property.

1. The donor of the property or the taxpayer who claims the deduction.
2. The donee of the property.
3. A party to the transaction in which the donor acquired the property being appraised, unless the property is donated within 2 months of the date of acquisition and its appraised value is not more than its acquisition price. This applies to the person who sold, exchanged, or gave the property to the donor, or any person who

acted as an agent for the transferor or donor in the transaction.

4. Any person employed by any of the above persons. For example, if the donor acquired a painting from an art dealer, neither the dealer nor persons employed by the dealer can be qualified appraisers for that painting.
5. Any person related under section 267(b) of the Internal Revenue Code to any of the above persons or married to a person related under section 267(b) to any of the above persons.
6. An appraiser who appraises regularly for a person in (1), (2), or (3), and who does not perform a majority of his or her appraisals made during his or her tax year for other persons.
7. An individual who receives a prohibited appraisal fee for the appraisal of the donated property. See [Prohibited appraisal fee](#), earlier.
8. An individual who is 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 the appraisal is signed by the individual.

In addition, an individual is not a qualified appraiser for a particular donation if the donor had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the donated property. For example, if the donor and the appraiser make an agreement concerning the amount at which the property will be valued, and the donor knows that amount is more than the FMV of the property, the appraiser is not a qualified appraiser for the donation.

**Appraiser penalties.** An appraiser who prepares an incorrect appraisal may have to pay a penalty if:

1. The appraiser knows or should have known the appraisal would be used in connection with a return or claim for refund, and
2. The appraisal results in the 20% or 40% penalty for a valuation misstatement described later under [Penalty](#).

The penalty imposed on the appraiser is the smaller of:

1. The greater of:
  - a. 10% of the underpayment due to the misstatement, or
  - b. \$1,000, or
2. 125% of the gross income received for the appraisal.

In addition, any appraiser who falsely or fraudulently overstates the value of property described in a qualified appraisal of a Form 8283 that the appraiser has signed may be subject to a civil penalty for aiding and abetting as understatement of tax liability, and may have his or her appraisal disregarded.

## Form 8283

Generally, if the claimed deduction for an item of donated property is more than \$5,000, you must attach Form 8283 to your tax return and complete Section B.

If you do not attach Form 8283 to your return and complete Section B, the deduction will not be allowed unless your failure was due to reasonable cause, and not willful neglect, or was due to a good faith omission.

You must attach a separate Form 8283 for each item of contributed property that is not part of a group of similar items. If you contribute similar items of property to the same donee organization, you need attach only one Form 8283 for those items. If you contribute similar items of property to more than one donee organization, you must attach a separate form for each donee.

## Internal Revenue Service Review of Appraisals

In reviewing an income tax return, the Service may accept the claimed value of the donated property, based on information or appraisals sent with the return, or may make its own determination of FMV. In either case, the Service may:

- Contact the taxpayer to get more information,
- Refer the valuation problem to a Service appraiser or valuation specialist,
- Refer the issue to the Commissioner's Art Advisory Panel (a group of dealers and museum directors who review and recommend acceptance or adjustment of taxpayers' claimed values for major paintings, sculptures, decorative arts, and antiques), or
- Contract with an independent dealer, scholar, or appraiser to appraise the property when the objects require appraisers of highly specialized experience and knowledge.

**Responsibility of the Service.** The Service is responsible for reviewing appraisals, but it is not responsible for making them. Supporting the FMV listed on your return is your responsibility.

**The Service does not accept appraisals without question.** Nor does the Service recognize any particular appraiser or organization of appraisers.

**Timing of Service action.** The Service generally does not approve valuations or appraisals before the actual filing of the tax return to which the appraisal applies. In addition, the Service generally does not issue advance rulings approving or disapproving such appraisals.

**Exception.** For a request submitted as described earlier under [Art valued at \\$50,000 or more](#), the Service will issue a Statement of Value that can be relied on by the donor of the item of art.

## Penalty

You may be liable for a penalty if you overstate the value or adjusted basis of donated property.

**20% penalty.** The penalty is 20% of the underpayment of tax related to the overstatement if:

- The value or adjusted basis claimed on the return is 150% or more of the correct amount, and
- You underpaid your tax by more than \$5,000 because of the overstatement.

**40% penalty.** The penalty is 40%, rather than 20%, if:

- The value or adjusted basis claimed on the return is 200% or more of the correct amount, and
- You underpaid your tax by more than \$5,000 because of the overstatement.

## How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to [IRS.gov](#) and find resources that can help you right away.

**Preparing and filing your tax return.** After receiving your wage and earning statements (Form W-2, W-2G, 1099-R, 1099-MISC) from all employers and interest and dividend statements from banks (Forms 1099), you can find free options to prepare and file your return on [IRS.gov](#) or in your local community if you qualify.

The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors.

You can go to [IRS.gov](#) to see your options for preparing and filing your return, which include the following.

- **Free File.** Go to [IRS.gov/FreeFile](#) to see if you qualify to use brand-name software to prepare and *e-file* your federal tax return for free.
- **VITA.** Go to [IRS.gov/VITA](#), download the free IRS2Go app, or call 800-906-9887 to find the nearest VITA location for free tax return preparation.
- **TCE.** Go to [IRS.gov/TCE](#), download the free IRS2Go app, or call 888-227-7669 to find the nearest TCE location for free tax return preparation.

**Employers can register to use Business Services Online.** The SSA offers online service for fast, free, and secure online W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Forms W-2, Wage



and Tax Statement, and Forms W-2c, Corrected Wage and Tax Statement. Employers can go to [SSA.gov/employer](https://ssa.gov/employer) for more information.



**Getting answers to your tax questions.** On IRS.gov, get answers to your tax questions anytime, anywhere.

- Go to [IRS.gov/Help](https://irs.gov/Help) for a variety of tools that will help you get answers to some of the most common tax questions.
- Go to [IRS.gov/ITA](https://irs.gov/ITA) for the Interactive Tax Assistant, a tool that will ask you questions on a number of tax law topics and provide answers. You can print the entire interview and the final response for your records.
- Go to [IRS.gov/Forms](https://irs.gov/Forms) to search for our forms, instructions, and publications. You will find details on 2019 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.

**Tax reform.** Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](https://irs.gov/TaxReform) for information and updates on how this legislation affects your taxes.

**IRS social media.** Go to [IRS.gov/SocialMedia](https://irs.gov/SocialMedia) to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are paramount. We use these tools to share public information with you. **Don't** post your social security number or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- [Youtube.com/irsvideos](https://youtube.com/irsvideos).
- [Youtube.com/irsvideosmultilingua](https://youtube.com/irsvideosmultilingua).
- [Youtube.com/irsvideosASL](https://youtube.com/irsvideosASL).

**Watching IRS videos.** The IRS Video portal ([IRSVideos.gov](https://irsvideos.gov)) contains video and audio presentations for individuals, small businesses, and tax professionals.

**Getting tax information in other languages.** For taxpayers whose native language isn't English, we have the following resources available. Taxpayers can find information on IRS.gov in the following languages.

- [Spanish \(IRS.gov/Spanish\)](https://irs.gov/Spanish).
- [Chinese \(IRS.gov/Chinese\)](https://irs.gov/Chinese).
- [Korean \(IRS.gov/Korean\)](https://irs.gov/Korean).
- [Russian \(IRS.gov/Russian\)](https://irs.gov/Russian).
- [Vietnamese \(IRS.gov/Vietnamese\)](https://irs.gov/Vietnamese).

The IRS Taxpayer Assistance Centers (TACs) provide over-the-phone interpreter service in over 170 languages, and the service is available free to taxpayers.

**Getting tax forms and publications.** Go to [IRS.gov/Forms](https://irs.gov/Forms) to view, download, or print all of the forms, instructions, and publications you may need. You can also download and view popular tax publications and instructions (including the 1040 and 1040-SR instructions) on mobile devices as an eBook at no charge at

[IRS.gov/eBooks](https://irs.gov/eBooks). Or you can go to [IRS.gov/OrderForms](https://irs.gov/OrderForms) to place an order and have them mailed to you within 10 business days.

**Access your online account (individual taxpayers only).** Go to [IRS.gov/Account](https://irs.gov/Account) to securely access information about your federal tax account.

- View the amount you owe, pay online, or set up an online payment agreement.
- Access your tax records online.
- Review the past 24 months of your payment history.
- Go to [IRS.gov/SecureAccess](https://irs.gov/SecureAccess) to review the required identity authentication process.

**Using direct deposit.** The fastest way to receive a tax refund is to combine direct deposit and IRS e-file. Direct deposit securely and electronically transfers your refund directly into your financial account. Eight in 10 taxpayers use direct deposit to receive their refund. The IRS issues more than 90% of refunds in less than 21 days.

**Getting a transcript or copy of a return.** The quickest way to get a copy of your tax transcript is to go to [IRS.gov/Transcripts](https://irs.gov/Transcripts). Click on either "Get Transcript Online" or "Get Transcript by Mail" to order a copy of your transcript. If you prefer, you can order your transcript by calling 800-908-9946.

**Using online tools to help prepare your return.** Go to [IRS.gov/Tools](https://irs.gov/Tools) for the following.

- The [Earned Income Tax Credit Assistant \(IRS.gov/EITCAssistant\)](https://irs.gov/EITCAssistant) determines if you're eligible for the EIC.
- The [Online EIN Application \(IRS.gov/EIN\)](https://irs.gov/EIN) helps you get an employer identification number.
- The [Tax Withholding Estimator \(IRS.gov/W4app\)](https://irs.gov/W4app) makes it easier for everyone to pay the correct amount of tax during the year. The Estimator replaces the Withholding Calculator. The redesigned tool is a convenient, online way to check and tailor your withholding. It's more user-friendly for taxpayers, including retirees and self-employed individuals. The new and improved features include the following.
  - Easy to understand language;
  - The ability to switch between screens, correct previous entries, and skip screens that don't apply;
  - Tips and links to help you determine if you qualify for tax credits and deductions;
  - A progress tracker;
  - A self-employment tax feature; and
  - Automatic calculation of taxable social security benefits.
- The [First Time Homebuyer Credit Account Look-up \(IRS.gov/HomeBuyer\)](https://irs.gov/HomeBuyer) tool provides information on your repayments and account balance.
- The [Sales Tax Deduction Calculator \(IRS.gov/SalesTax\)](https://irs.gov/SalesTax) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040 or 1040-SR), choose not to claim state and local income taxes, and you didn't save your receipts showing the sales tax you paid.

**Resolving tax-related identity theft issues.**

- The IRS doesn't initiate contact with taxpayers by email or telephone to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.
- Go to [IRS.gov/IDProtection](https://irs.gov/IDProtection) for information.
- If your SSN has been lost or stolen or you suspect you're a victim of tax-related identity theft, visit [IRS.gov/IdentityTheft](https://irs.gov/IdentityTheft) to learn what steps you should take.

**Checking on the status of your refund.**

- Go to [IRS.gov/Refunds](https://irs.gov/Refunds).
- The IRS can't issue refunds before mid-February 2020 for returns that claimed the EIC or the ACTC. This applies to the entire refund, not just the portion associated with these credits.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

**Making a tax payment.** The IRS uses the latest encryption technology to ensure your electronic payments are safe and secure. You can make electronic payments online, by phone, and from a mobile device using the IRS2Go app. Paying electronically is quick, easy, and faster than mailing in a check or money order. Go to [IRS.gov/Payments](https://irs.gov/Payments) to make a payment using any of the following options.

- [IRS Direct Pay](https://irs.gov/DirectPay): Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- [Debit or Credit Card](https://irs.gov/DebitCreditCard): Choose an approved payment processor to pay online, by phone, and by mobile device.
- [Electronic Funds Withdrawal](https://irs.gov/ElectronicFundsWithdrawal): Offered only when filing your federal taxes using tax return preparation software or through a tax professional.
- [Electronic Federal Tax Payment System](https://irs.gov/ElectronicFederalTaxPaymentSystem): Best option for businesses. Enrollment is required.
- [Check or Money Order](https://irs.gov/CheckMoneyOrder): Mail your payment to the address listed on the notice or instructions.
- [Cash](https://irs.gov/Cash): You may be able to pay your taxes with cash at a participating retail store.
- [Same-Day Wire](https://irs.gov/SameDayWire): You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and cut-off times.

**What if I can't pay now?** Go to [IRS.gov/Payments](https://irs.gov/Payments) for more information about your options.

- Apply for an [online payment agreement \(IRS.gov/OPA\)](https://irs.gov/OPA) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the [Offer in Compromise Pre-Qualifier](https://irs.gov/Compromise) to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to [IRS.gov/OIC](https://irs.gov/OIC).

**Checking the status of an amended return.** Go to [IRS.gov/WMAR](https://www.irs.gov/wmar) to track the status of Form 1040-X amended returns. Please note that it can take up to 3 weeks from the date you mailed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

**Understanding an IRS notice or letter.** Go to [IRS.gov/Notices](https://www.irs.gov/notices) to find additional information about responding to an IRS notice or letter.

**Contacting your local IRS office.** Keep in mind, many questions can be answered on IRS.gov without visiting an IRS Taxpayer Assistance Center (TAC). Go to [IRS.gov/LetUsHelp](https://www.irs.gov/LetUsHelp) for the topics people ask about most. If you still need help, IRS TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to [IRS.gov/TACLocator](https://www.irs.gov/TACLocator) to find the nearest TAC, check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

## The Taxpayer Advocate Service (TAS) Is Here To Help You

### What Is TAS?

TAS is an *independent* organization within the IRS that helps taxpayers and protects taxpayer rights. Their job is to ensure that every taxpayer is treated fairly and that you know and understand your rights under the [Taxpayer Bill of Rights](#).

## How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to [TaxpayerAdvocate.IRS.gov](https://www.taxpayeradvocate.irs.gov) to help you understand [what these rights mean to you](#) and how they apply. These are **your** rights. Know them. Use them.

### What Can TAS Do For You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

### How Can You Reach TAS?

TAS has offices [in every state, the District of Columbia, and Puerto Rico](#). Your local advocate's number is in your local directory and at [TaxpayerAdvocate.IRS.gov/Contact-Us](https://www.taxpayeradvocate.irs.gov/contact-us). You can also call them at 877-777-4778.

### How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of

these broad issues, please report it to them at [IRS.gov/SAMS](https://www.irs.gov/sams).

TAS also has a website, [Tax Reform Changes](#), which shows you how the new tax law may change your future tax filings and helps you plan for these changes. The information is categorized by tax topic in the order of the IRS Form 1040 or 1040-SR. Go to [TaxChanges.us](https://www.taxchanges.us) for more information.

### TAS for Tax Professionals

TAS can provide a variety of information for tax professionals, including tax law updates and guidance, TAS programs, and ways to let TAS know about systemic problems you've seen in your practice.

### Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS. LITCs represent individuals whose income is below a certain level and need to resolve tax problems with the IRS, such as audits, appeals, and tax collection disputes. In addition, clinics can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. To find a clinic near you, visit [IRS.gov/LITC](https://www.irs.gov/LITC) or see IRS Pub. 4134, [Low Income Taxpayer Clinic List](#).



<b>A</b>	<b>Deductions of more than \$5,000</b> <a href="#">9</a>	<b>M</b>	<b>T</b>
<b>Aircraft</b> <a href="#">5</a>	<b>Deductions of more than \$500,000</b> <a href="#">9</a>	<b>Market conditions, effect on value</b> <a href="#">3</a>	<b>Tax help</b> <a href="#">11</a>
<b>Annuities</b> <a href="#">7</a>			
<b>Annuity contracts</b> <a href="#">7</a>			
<b>Antiques</b> <a href="#">4</a>	<b>F</b>	<b>O</b>	<b>U</b>
<b>Appraisals</b> <a href="#">8</a>	<b>Fair market value</b> <a href="#">2</a>	<b>Opinions of experts</b> <a href="#">3</a>	<b>Used clothing</b> <a href="#">4, 8</a>
Cost of <a href="#">8</a>	Comparable properties, sales of <a href="#">2</a>		
IRS review of <a href="#">11</a>	Cost <a href="#">2</a>	<b>P</b>	<b>V</b>
Qualified appraisal <a href="#">9</a>	Date of contribution <a href="#">2</a>	<b>Paintings</b> <a href="#">4</a>	<b>Valuation of property</b> <a href="#">4</a>
<b>Appraiser</b> <a href="#">10</a>	Determining FMV <a href="#">2</a>	<b>Partial interest</b> <a href="#">7</a>	Annuities <a href="#">7</a>
<b>Art objects</b> <a href="#">4</a>	Opinions of experts <a href="#">3</a>	<b>Past events, effect on value</b> <a href="#">3</a>	Cars, boats, and aircraft <a href="#">5</a>
Valued at \$20,000 or more <a href="#">4</a>	Problems in determining FMV <a href="#">3</a>	<b>Patents</b> <a href="#">5</a>	Collections <a href="#">4</a>
Valued at \$50,000 or more <a href="#">4</a>	Replacement cost <a href="#">3</a>	<b>Penalties:</b>	Household goods <a href="#">4</a>
<b>Assistance</b> (See Tax help)	<b>Form 8283</b> <a href="#">11</a>	Imposed on appraiser <a href="#">11</a>	Interest in a business <a href="#">7</a>
	<b>Formulas, use in valuing property</b> <a href="#">2</a>	Imposed on taxpayer <a href="#">11</a>	Inventory <a href="#">5</a>
	<b>Future events, effect on value</b> <a href="#">3</a>	<b>Publications</b> (See Tax help)	Jewelry and gems <a href="#">4</a>
		<b>Publicly traded securities</b> <a href="#">9</a>	Life insurance and annuity contracts <a href="#">7</a>
<b>B</b>	<b>H</b>		Paintings, antiques, art objects <a href="#">4</a>
<b>Boats</b> <a href="#">5</a>	<b>Historic building</b> <a href="#">8</a>	<b>Q</b>	Partial interest in property <a href="#">7</a>
<b>Bonds</b> <a href="#">5</a>	<b>Household goods</b> <a href="#">4, 8</a>	<b>Qualified appraisal</b> <a href="#">9</a>	Patents <a href="#">5</a>
<b>Books</b> <a href="#">5</a>		<b>Qualified appraiser</b> <a href="#">10</a>	Real estate <a href="#">6</a>
<b>Business, interest in</b> <a href="#">7</a>	<b>I</b>	<b>Qualified conservation contribution</b> <a href="#">8</a>	Remainder interests <a href="#">7</a>
	<b>Identity theft</b> <a href="#">12</a>		Reversion interests <a href="#">7</a>
<b>C</b>	<b>Interest in a business</b> <a href="#">7</a>	<b>R</b>	Stocks and bonds <a href="#">5</a>
<b>Cars</b> <a href="#">5</a>	<b>Inventory</b> <a href="#">5</a>	<b>Real estate</b> <a href="#">6</a>	Terms of years <a href="#">7</a>
<b>Clothing, used</b> <a href="#">4, 8</a>	<b>IRS review of appraisals</b> <a href="#">11</a>	<b>Remainder interests</b> <a href="#">7</a>	Used clothing <a href="#">4</a>
<b>Coins</b> <a href="#">5</a>	Exception <a href="#">11</a>	<b>Replacement cost</b> <a href="#">3</a>	
<b>Collections</b> <a href="#">4</a>		<b>Reversion interests</b> <a href="#">7</a>	
Books <a href="#">5</a>	<b>J</b>		
Coins <a href="#">5</a>	<b>Jewelry and gems</b> <a href="#">4</a>	<b>S</b>	
Stamps <a href="#">5</a>		<b>Stamps</b> <a href="#">5</a>	
<b>Comparable properties, sales of</b> <a href="#">2, 3</a>	<b>L</b>	<b>Statement of Value</b> <a href="#">11</a>	
<b>Conservation contribution</b> <a href="#">8</a>	<b>Life insurance</b> <a href="#">7</a>	<b>Stocks</b> <a href="#">5</a>	
<b>Cost</b> <a href="#">2</a>			
Rate of increase or decrease <a href="#">2</a>			
Terms of purchase or sale <a href="#">2</a>			
<b>D</b>			
<b>Date of contribution</b> <a href="#">2</a>			