

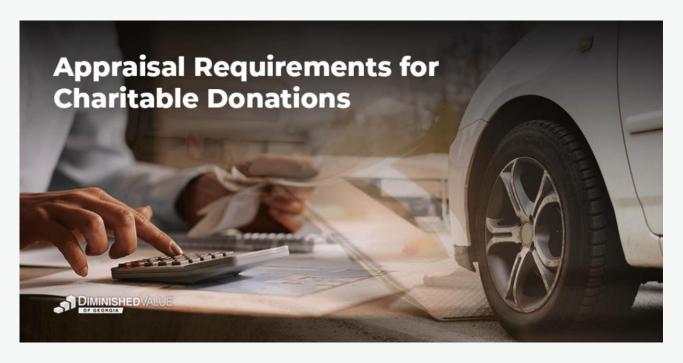
Appraisal Requirements for Charitable Donations



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If you are planning to claim deductions for your noncash charitable donations on your Federal taxes, you need to file Form 8283. This guide provides assistance in understanding the appraisal requirements for donating real property and other assets to Section 501(c)(3) organizations. By following these guidelines, you can ensure that you receive proper tax deductions while making charitable contributions.



Form 8283: The Reporting Requirement

Before we delve into the details, let's establish the primary tool in this process: Form 8283. This form is your means of reporting information about noncash charitable contributions when seeking an income tax deduction.

Remember, you'll need to file one or more Forms 8283 if the deduction for each noncash contribution surpasses \$500. This applies to individuals, partnerships, and corporations alike.





When Do I Need an Appraisal?

Now, here's where things get interesting. For any item or group of items, including real property or non-publicly traded securities, where you aim to claim a deduction exceeding \$5,000.00, you must obtain a written qualified appraisal, with the exception of publicly traded securities.

If you donate a single item or group of similar items to one or more donees and your deduction exceeds \$500,000, attaching a qualified appraisal to your Form 8283 is mandatory, unless an exception applies.

Additionally, the donee must sign Form 8283, and their written acknowledgment should confirm their exclusive legal control over the donated asset.

Defining a Qualified Appraisal

Now, what exactly constitutes a qualified appraisal? This isn't a matter of simply grabbing any appraisal off the shelf; it must meet specific criteria.

A qualified appraisal must be prepared by a qualified appraiser, following the Uniform Standards of Professional Appraisal Practice (USPAP). Furthermore, it must be signed and dated by the appraiser no earlier than 60 days before the donation date. You should receive this appraisal before the due date of your return on which you're claiming the deduction. If it's an amended return, ensure you obtain the appraisal before filing.

Remember, each item of property requires a separate qualified appraisal, except for items within a group of similar assets. One appraisal will suffice if it includes all the required information for each item, with an exception for items collectively valued at \$100 or less.

Completing Form 8283 requires extra caution to avoid disallowed charitable deductions due to minor errors, such as incomplete "Basis" information or taxpayer identification numbers. Additionally, including the appraiser's TIN on Form 8283 is necessary.



The Qualified Appraiser

Now, let's explore who qualifies as a qualified appraiser:

- **Meeting Criteria:** The appraiser must meet specific criteria, including having a recognized appraiser designation or fulfilling certain education and experience requirements.
- **Regular Appraisals:** They should have a track record of regularly preparing appraisals for compensation.
- **Transparent Declaration:** The appraiser must declare their qualifications and specify their education and experience in appraising the property in question.
- **Transaction Parties:** Usually, parties involved in the transaction where you acquired the property won't qualify to sign the declaration. However, a person who sold, exchanged, or gave you the property can sign if the donation happened within two months of your acquisition, and the appraised value didn't exceed the acquisition price.
- **Honesty Matters:** Maintain honesty and transparency throughout the appraisal process. Any failure to disclose or misrepresentation of facts that could lead to a misstatement of the property's value will invalidate the appraisal.
- **No Percentage Fees:** Appraisal fees must not be based on a percentage of the appraised value; they should align with industry standards. Typically, the donor commissions the appraisal, with the report addressed to them.

Subsequent Sales and Dispositions

Once your generous donation is complete, don't forget to stay informed. If the donee or any successor disposes of the charitable deduction property within three years of receiving it, they must file Form 8282 with the IRS and provide a copy to you.



Conclusion

This comprehensive guide offers valuable insights into tax deductions and charitable contributions. When contemplating a donation to a Section 501(c)(3) organization, it's advisable to consult with competent legal and financial professionals for personalized advice.

