CENTRAL SAVANNAH RIVER LAND TRUST
PO Box 148 | Augusta, GA 30903
706-312-LAND | www.csrlt.org

Claiming a Tax Deduction for Your Donation
Appraisal Checklist

A qualified appraisal is an appraisal document that:

1. *Relates to an appraisal made not earlier than 60 days prior to the date of contribution of the appraised property (recordation date).* The donor 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.

2. *Does not involve a 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 IRS 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 IRS examination or otherwise.

3. *A qualified appraisal must include the following information:*
   a. 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;
   b. The physical condition of any tangible property; the date (or expected date) of contribution; the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor that relates to the use, sale, or other disposition of the donated property;
   c. 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 ID number of the partnership or the person who employs or engages the appraiser. Note that there can often be two ID numbers required: the appraiser’s social security number as well as the employer’s ID number;
   d. The qualifications of the qualified appraiser who signs the appraisal, including the appraiser’s background, experience, education, and any membership in professional appraisal associations;
   e. A statement that the appraisal was prepared for income tax purposes; the date (or dates) on which the property was valued;

f. The appraised fair market value on the date (or expected date) of contribution;
g. The method of valuation used to determine fair market value, such as the income approach, the comparable sales or market data approach, or the replacement cost less depreciation approach;
h. The specific basis for the valuation, such as specific comparable sales transactions;
i. A statement naming the Central Savannah River Land Trust and the Land Trust Accreditation Commission as authorized users of the appraisal; and
j. Listing "verification of compliance with the Land Trust Alliance's Tax Shelter Advisory" as an intended use.

4. *Is prepared, signed, and dated by a qualified appraiser (who is an individual) who declares on the appraisal summary that s/he:*
   a. Holds himself/herself out to the public as an appraiser or performs appraisals on a regular basis;
   b. Is qualified to make appraisals of the type of property being valued because of his/her background, experience, education, and membership in professional associations and other qualifications described in the appraisal;
   c. Understands that a substantial or gross valuation misstatement resulting from an appraisal value that the appraiser knows, or reasonably should have known, would be used in connection with a tax return, may subject the appraiser to a civil penalty under IRC §6695A;
   d. Is not an excluded individual, which generally includes the taxpayer or a party to the transaction, someone employed by the foregoing or a related person; and
   e. Understands that an intentionally false overstatement of the value of property may subject him or her to the penalty for aiding and abetting an understatement of tax liability.

5. *The following persons **cannot** be qualified appraisers with respect to the particular property:*
   a. The donor of the property, or the taxpayer who claims the deduction;
   b. The donee of the property;
   c. Any person employed by, married to, or related to any of the above persons; and
   d. An appraiser who appraises regularly for any of the above, and who does not perform a majority of his/her appraisals during a tax year for other persons.

Finding an Appraiser:

We recommend hiring an appraiser with significant conservation easement appraisal experience. A list of appraisers who have successfully completed the Appraisal Institute's coursework on Conservation Easement Valuation can be found at:
http://www.appraisalinstitute.org/findappraiser/valuation_conservation_easements.aspx

Resources:

- Section 170(f)(11)(E) of the Pension Protection Act of 2006
- IRS Notice 2006-96
- *Tax Benefits and Appraisals of Conservation Projects*, 2007 Larry Kueter and Mark Weston, (S. Bates ed.) at:
  http://www.landtrustalliance.org/resources/publications/pubs-alphabetical-listing#c

CENTRAL SAVANNAH RIVER LAND TRUST
PO Box 148 | Augusta, GA 30903
706-312-LAND | www.csrlt.org

Claiming a Tax Deduction for Your Donation
Choosing an Appraiser

When choosing an appraiser, you will want to ensure that s/he has experience working with properties such as yours and is a "qualified appraiser" as defined by IRS Regulations. Asking questions such as these can help you identify the best individual to work with:

Legal Requirements:
- How long have you been appraising properties?
- What licenses and/or designations do you hold? *(in Georgia, the appraiser must, at minimum, hold a state license as a general property appraiser)*
- Have you ever had any of your license(s) or designations suspended or revoked?

Easement Experience:
- How many conservation easements have you appraised?
- How many properties have you appraised in my area?
- Have any of your appraisals been challenged by the IRS or Department of Revenue? What happened?
- Can you provide me with references of past conservation easement clients?

Nuts and Bolts:
- How do you charge for completing conservation easement appraisals?
- What is your process? Do you provide a ballpark figure or restricted report in advance of the full appraisal?
- What information will you need me to provide you with in order for you to appraise my property? Do you require a site visit?
- What is your turnaround time for completing an appraisal?

Remember, to qualify for a federal tax deduction, the appraiser must be considered a "qualified appraiser" by IRS standards. IRS Publication 561 defines a "qualified appraiser" as an individual that:

a. *Holds himself/herself out to the public as an appraiser or performs appraisals on a regular basis;*
b. *Is qualified to make appraisals of the type of property being valued because of his/her background, experience, education, and membership in professional associations and other qualifications described in the appraisal;*
c. *Understands that a substantial or gross valuation misstatement resulting from an appraisal value that the appraiser knows, or reasonably should have known, would be used in connection with a tax return, may subject the appraiser to a civil penalty under IRC §6695A;*
d. *Is not an excluded individual, which generally includes the taxpayer or a party to the transaction, someone employed by the foregoing or a related person; and*
e. *Understands that an intentionally false overstatement of the value of property may subject him or her to the penalty for aiding and abetting an understatement of tax liability.*

CENTRAL SAVANNAH RIVER LAND TRUST
PO Box 148 | Augusta, GA 30903
706-312-LAND | www.csrlt.org

Claiming a Tax Deduction for Your Donation

IRS Form 8283

IRS Filing Requirements:

Taxpayers are required to file an IRS Form 8283 for all non-cash contributions valued at greater than $500 for which they wish to claim a deduction. The taxpayer in most cases must include an appraisal performed by a qualified appraiser with their return. It is *highly suggested* that the taxpayer also submit several other documents to help the IRS agents better evaluate the deduction claimed. Below is a list of these items that make up a complete Form 8283 filing:

1. Form 8283 and Correct Supplemental Statement (see Form 8283 Instructions)
2. Qualified Appraisal (full copy, not just summary)
3. Copy of the Recorded Easement
4. Completed, signed Baseline Documentation Report
5. Contemporaneous Written Acknowledgement Letter (given by the Land Trust)
6. Correct Mortgage Subordination (if applicable)

Form 8283

The Form 8283 must be signed by the individual appraiser (not just the appraiser's firm)

A sufficiently detailed "supplemental statement" may be many pages. You have years of experience with your property, while revenue agents have most likely never seen it. Make their job and your experience easier by providing a detailed statement that helps the agent understand its values. An address is *not* a sufficient description of the donated property.

The Form 8283 also has a signature line for the grantee (in this case, the Land Trust) to sign. This signature is not required, and does not represent agreement with the claimed value. The Land Trust reserves the right to not sign a donor's Form 8283 for a variety of reasons, including the rare case that it does not believe that the donation conforms to tax laws. In the event that the grantee does not sign the Form 8283, the taxpayer may submit the Form along with an explanation for why the grantee's signature is not present.

Resources:

- Internal Revenue Code §170 and Treasury Regulation §1.170A-13 (www.irs.gov)
- IRS Form 8283 and Instructions
- *Tax Benefits and Appraisals of Conservation Projects*, 2007 Larry Kueter and Mark Weston, (S. Bates ed.) at: http://www.landtrustalliance.org/resources/publications/pubs-alphabetical-listing#c