



UNIVERSITY OF MINNESOTA
FOUNDATION

Information on Gifts of Tangible Personal Property

(Updated March 2017)

Donors who make gifts of Tangible Personal Property (“gifts-in-kind”) to the University of Minnesota may be able to claim a charitable income tax deduction for either the fair market value of the gift or the property’s cost basis (typically, the price the donor paid for it). Unlike gifts of cash and publicly traded securities, gifts of property require acceptance in writing by the college or department of the University that will benefit from the gift. The following information is provided for educational purposes as a service to our donors. It is not to be construed as legal or tax advice. We encourage donors to consult their own professional advisors on documentation that may be required for a charitable income tax deduction and how a gift may affect their individual tax liability.

Gift Recording and Acknowledgment

To transfer ownership for gifts of tangible personal property to the University of Minnesota, donors must fill out a Gift-in-Kind (Deed of Gift) form which includes information about the donor and a description of the gift, including the value the donor places on the gift. Under the IRS rules, donors are responsible for substantiation of the value of tangible personal property gifts, and the University cannot provide a valuation for the property. Upon acceptance of the gift, a representative of the University will sign the Gift-in-Kind form. If the gift is valued at more than \$250, the University of Minnesota Foundation will provide the donor with a written acknowledgment describing the donated property and stating whether any goods or services were provided in exchange for the gift. To claim a charitable income tax deduction for such gifts, the IRS requires donors to have a gift acknowledgment from the charitable organization at the time the tax return is submitted. The IRS rules further provide that:

- donors making gifts of property valued at more than \$500 are required to submit an IRS Form 8283 with their federal income tax return, and
- donors making gifts of property valued at more than \$5,000 are also required to obtain a qualified appraisal (see below) and the signature of the charitable organization on Form 8283 verifying that the property has been received.

The University of Minnesota Foundation will obtain the charitable organization signature for the donor’s Form 8283 and provide it to the donor with the gift acknowledgment, or separately if the appraisal has not been completed at the time of the acknowledgment.

IRS Qualified Appraisal Requirements

To claim a tax deduction for gifts of property valued at more than \$5,000 (or cumulative gifts of property to multiple charitable organizations in a given tax year that exceed \$5,000) donors must obtain a qualified appraisal, prepared and signed by a qualified appraiser not more than 60 days before the date of the gift and received by the donor not later than the due date of the tax return on which the donor claims a deduction for the property. The appraiser's signature must appear on the appraisal summary portion of Form 8283. A qualified appraisal must also meet specific and detailed IRS requirements, including that it contain the following:

- a description of the donated property, including the condition;
- the date (or expected date) of the gift;
- terms of any agreement relating to the use, sale, or disposition of the property;
- the name, address, and taxpayer identification number of the qualified appraiser and the appraiser's employer;
- the qualifications of the appraiser;
- a statement that the appraisal was prepared for income tax purposes;
- the date on which property was appraised;
- the appraised fair market value of the donated property on the date (or expected date) of the gift;
- the method of value used and the basis for the valuation;
- a statement regarding the appraiser's background and qualifications as they relate to the type of property donated.

Donors are encouraged to consult with their tax advisors for more information about the requirements of a qualified appraisal.

Who Can Be a Qualified Appraiser?

According to the IRS, a "qualified appraiser" is an individual who has earned an appraisal designation from a recognized professional appraiser organization, if the designation is awarded on the basis of demonstrated competency in valuing the type of property for which the appraisal is performed, or has otherwise met minimum education and experience requirements set forth in the IRS regulations. Determination of whether an appraiser is qualified must be based on the appraiser's qualifications as of the date the appraisal is made. The appraiser must regularly perform appraisals of the type of property being appraised and must be compensated for such appraisals. The appraiser must include a declaration that the appraiser understands a substantial or gross valuation misstatement resulting from an appraisal of the value of property that the appraiser knows, or reasonably should have known, would be used in connection with a return or claim for refund, may subject the appraiser to a civil penalty. The appraiser may not be the donor, the charity, or an employer or family member of the donor or the charity. Although it is the donor's responsibility to obtain and pay for the qualified appraisal, the University of Minnesota may provide a list of persons who perform appraisals. The donors and their advisors will need to confirm that any appraiser meets the IRS requirements for a "qualified appraiser."

Special Rules for “Non-Related Use” Property Gifts

According to the IRS, gifts of property that are not related to the mission of the charitable organization are only deductible at the donor’s cost basis, or the fair market value, whichever is less. For example, property donated to a charity auction (where it will be sold) is only deductible at the donor’s cost basis. Tangible personal property may be claimed at the fair market value if the charitable organization has a “related use” for the property (a use related to the organization’s tax-exempt mission), and the property is not sold or otherwise disposed of for at least three years. If the property is sold or disposed of less than three years from the date of gift, the charitable organization is required to submit an IRS Form 8282, listing the sale price of the property. If the University intends to sell the property, this will be discussed with the donor and indicated on the Gift-in-Kind (Deed of Gift) form at the time of the gift acceptance.

Special Rules for Gifts of Artwork, Manuscripts, and Gifts over \$500,000

Property created by the donor (i.e. artwork or manuscripts) is only tax-deductible at the donor’s cost basis—the cost of materials required to create the property. However, donors of such gifts (artists and authors) will be recognized by the University for the fair market value of their gifts even though this value cannot be claimed as a charitable income tax deduction. If the total deduction claimed is more than \$20,000, the IRS requires the donor to attach a complete copy of the signed qualified appraisal to Form 8283. For individual art objects valued at more than \$20,000, a photograph is also required. For any cumulative property gifts exceeding \$500,000 in one tax year, the IRS requires a copy of the appraisal to be submitted with Form 8283.

References

IRS Publication 526 – Charitable Contributions
IRS Publication 561– Determining the Value of Donated Property
IRS Publication 1771 – Charitable Contributions- Substantiation and Disclosure Requirements
IRS Form 8283 with Instructions – Noncash Charitable Contributions
IRS Form 8282 with Instructions – Donee Information Return
University of Minnesota Foundation Gift-In-Kind form (Deed of Gift)

This information is provided as an educational service to our donors. It is not legal or tax advice. Please address tax questions to your own professional advisor. Other questions concerning your gift should be addressed to the development officer of the college or program that will benefit from your gift, or the Planned Giving office of the University of Minnesota Foundation: (800) 775-2187 or (612) 624-3333.