Tax To-Dos for Non-Cash Gifts and 2018 Tax Reform Update

2018 UNC System Advancement Symposium

Tim Prosser
May 15, 2018
Henry and Clair

“We usually make small annual gifts, but we would like to make a larger gift. However, we don’t feel comfortable parting with substantial cash right now.”
Benefits of Outright Gifts

Deduction for full value

Avoid paying a large capital gains tax
The Basics of Life Income Gifts

1. Property
2. Income tax deduction
   Income for life/term of years
3. Remainder
4. Charity

Donor
Life income gift
Charity
Benefits of Life Income Gifts

Annual income stream for life or term of years

Deduction for the portion estimated to eventually pass to the charity
Income Tax Deductions

Non-Itemizers

Itemizers
Fewer itemizers

No charitable deduction

Estate tax repeal

Fewer itemizers
Charitable Impact of Tax Reform

Other changes that may affect giving
Gift Value for Charitable Deduction

- Short-term appreciated stock
- Related use tangible personal property

Tax Basis

Fair Market Value
Substantiation Rules

- Art advisory panel: ≥ $20,000
- Closely-held business: ≥ $10,000
- Illiquid assets ≥ $5,000: Qualified appraisal
- Non-cash assets ≥ $500: Form 8283
- ≥ $250: Written acknowledgment
- < $250 cash: Bank record or receipt
Section 5. Donated Property Over $5,000 (Except Publicly Traded Securities)—Complete this section for one item (or one group of similar items) for which you claimed a deduction of more than $5,000 per item or group (except contributions of publicly traded securities reported in Section A). Provide a separate form for each property donated unless it is part of a group of similar items. An appraisal is generally required for property listed in Section I. See instructions.

Part I Information on Donated Property—To be completed by the taxpayer and the appraisal.

I. Check the box that describes the type of property donated:
   a. Art (contribution of $25,000 or more)   b. Art (contribution of less than $25,000)   c. Qualified Conservation Contribution   d. Other Real Estate   e. Intellectual Property   f. Equipment   g. Securities   h. Vehicles

II. Description of donated property (if you need more space, attach a separate statement):

III. If the property was donated prior to April 15, the overall physical condition of the property at the time of the gift:

   A. Excellent
   B. Good
   C. Fair
   D. Poor
   E. Other

IV. Valuation
   a. Date accepted by donor (year, quarter)
   b. Value accepted by donor
   c. Donor’s cost or adjusted basis
   d. Fair market value, when released increased
   e. Total fair market value before
   f. Date of contribution

Part II Taxpayer (Donor) Statement—List each item included in Part I above to the best of my knowledge and belief an appraised value of not more than $500 per item. (See identifying letter from Part I and describe the specific item. See instructions)

Signature of taxpayer (donor)

Part III Declaration of Appraiser

I. I declare that I did not the class, the donor, is a party to the transaction in which the donor accepted the property, employed by, or related to any of the taxpayers, or received any personal利益 in any of the taxpayers' personal interests in any of the taxpayers' personal interests.

II. I also declare that I did not the class, the donor, is a party to the transaction in which the donor accepted the property, employed by, or related to any of the taxpayers, or received any personal interests in any of the taxpayers' personal interests in any of the taxpayers' personal interests.

III. I also declare that I did not the class, the donor, is a party to the transaction in which the donor accepted the property, employed by, or related to any of the taxpayers, or received any personal interests in any of the taxpayers' personal interests in any of the taxpayers' personal interests.

IV. I also declare that I did not the class, the donor, is a party to the transaction in which the donor accepted the property, employed by, or related to any of the taxpayers, or received any personal interests in any of the taxpayers' personal interests in any of the taxpayers' personal interests.

Sign

Section 4 Donee Acknowledgment—To be completed by the charitable organization.

The charitable organization acknowledges that it is a qualified organization under Section 501(c) and that it received the donated property as described in Section B, Part I, above on the following day:

Furthermore, this organization affirms that it received the donated property as described in Section B, Part I, above on the following day:

I. Name of charitable organization (donee)
   a. Employer identification number
   b. Address
   c. City or town, state, and ZIP code
   d. Representative signature

II. Affiliated organization (if any)
   a. Name
   b. Employer identification number
   c. City or town, state, and ZIP code

Identifying number

Form 8283 (Rev. 11-2014)
Qualified Appraiser

- Official designation, minimum education, and experience
- Regularly performs appraisals for compensation
- Is not the donor, a relative of the donor, a person employed by the donor, or the person from whom the donor acquired the property (or his employee)
Form 8282

Donee Information Return
(Sale, Exchange, or Other Disposition of Donated Property)

Parts To Complete

• If the organization is an original donee, complete identifying information, Part I (lines 1a–1d and, if applicable, lines 2a–2b), and Part II.
• If the organization is a successor donee, complete identifying information, Part I, Part II, and Part III.

Identifying Information

<table>
<thead>
<tr>
<th>Part or Type</th>
<th>Name or charitable organization (donee)</th>
<th>Employer identification number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Address (number, street, and room or suite no.) (p.o. box no. if mail is not delivered to the street address)</td>
<td>City or town, state, and ZIP code</td>
</tr>
</tbody>
</table>

Part I

Information on ORIGINAL DONOR AND SUCCESSOR DONOR Receiving the Property

1a | Name of original donor of the property |
1b | Identifying number(s) |
1c | Address (number, street, and room or suite no.) (p.o. box no. if mail is not delivered to the street address) |
1d | City or town, state, and ZIP code |

Note: Complete lines 2a–5d only if the organization gave this property to another charitable organization (successor donee).

2a | Name of charitable organization |
2b | Identifying number(s) |
2c | Address (number, street, and room or suite no.) (p.o. box no. if mail is not delivered to the street address) |
2d | City or town, state, and ZIP code |

Part II

Information on PREVIOUS DONOR. Complete this part only if the organization was not the first donee to receive the property. See the instructions before completing lines 3a through 4d.

3a | Name of original donee |
3b | Identifying number(s) |
3c | Address (number, street, and room or suite no.) (p.o. box no. if mail is not delivered to the street address) |
3d | City or town, state, and ZIP code |

4a | Name of preceding donee |
4b | Identifying number(s) |
4c | Address (number, street, and room or suite no.) (p.o. box no. if mail is not delivered to the street address) |
4d | City or town, state, and ZIP code |

For Paperwork Reduction Act Notice, see page 8.

Cat. No. 8282TV

Form: 8282 (Rev: A-2009)
Part III  Information on DONATED PROPERTY

3. Did the disposition of the donated property violate the organization’s exempt purposes or function?
   Yes No

4. Information on use of property:
   a. If you answered “Yes” to question 3 and the property was tangible personal property, describe how the organization used the property.
   b. If you answered “No” to question 3, describe how the organization used the property.

Part IV  Certification

You must sign the certification below if any property described in Part III above is tangible personal property and: 
1. You answered “Yes” to question 3 above, or 
2. You answered “No” to question 3 above and the intended use of the property became impossible or infeasible to implement.

Under penalties of perjury and the penalty under section 6720L, I certify that either: (1) the use of the property that meets the above requirements and is described in the above requirements in Part IV, was substantial and related to the donee organization’s exempt purpose or function; or (2) the donee organization intended to use the property for its exempt purpose or function, but the intended use has become impossible or infeasible to implement.

Signature of officer
Title
Date

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer
Title
Date

TIAA Kaspick
What is a Qualified Appraisal? An Article by David E. Livengood, Senior Director, Fellowship/Management

Qualified Appraisal

If tangible personal property, condition of property

Date of contribution

Terms of donation agreement

Name, address, and Tax ID of appraiser

Appraiser qualifications

Statement that appraisal was done for income tax purposes

Date of the appraisal

The appraised FMV

Appraisal method(s)

Individuals who make charitable gifts of property other than cash or marketable securities may meet specific gift substantiation requirements if they wish to claim federal income tax deductions for their gifts. More specifically, the tax law requires a donor to file a "qualified appraisal" if the gift property is "tangible personal property". The donor must also attach an "appraiser's summary" to file on his or her return.

It is important to note that these detailed requirements are unique to appraisals for charitable gift purposes. Many appraisers that would be perfectly appropriate for other valuation purposes, such as obtaining insurance or borrowing, might not pass muster when it comes to substantiating a charitable gift. The purpose of this article is to familiarize donors generally with the terms and conditions of charitable gifts.

When is an Appraisal Required?

Qualified appraisals are most commonly obtained for gifts of real estate, tangible personal property (e.g., antiques, or privately-held stock). However, qualified appraisals are required for a gift of any asset other than cash or marketable securities. This includes, but is not limited to:.

- Furniture
- Artwork
- Personal property
- Collectibles

Appraisals are required when the adjusted basis of the property is greater than $10,000 for gifts of $150,000 or less, and greater than $250,000 for gifts of more than $150,000.

To be considered "qualified," an appraiser must be a certified appraiser, member of a professional organization, or have another formal educational background.

For more information, please contact the IRS or a qualified professional.
Timing of Qualified Appraisal

- **Date of gift**: 60 days prior
- **Due date of return**: Not qualified
- **Final extension**: Not qualified
S Corporations
Partnerships
Art Over $20,000
Lessons for Gift Planners

- **DO** send donors definition of qualified appraisal
- **DO** refer donors to their own advisors
- **DON’T** delay obtaining the appraisal
- **DON’T** sign blank documents
- **DON’T** pay for donors’ appraisals
- **DON’T** opine on whether the appraisal qualifies

TIAA Kaspick