

**TWIN CITIES FINANCIAL  
and  
ESTATE PLANNING COUNCILS**

**CHARITABLE DONATIONS  
of  
REAL ESTATE  
and  
CLOSELY-HELD STOCK**

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# REAL ESTATE

- Personal Residences
- Farmland/Vacant Land
- Rental Property
- Conservation Easements

# CLOSELY-HELD STOCK

- Not Publicly Traded
- C Corporation Stock
- S Corporation Stock
- LLC Interest

# THE DONOR'S PERSPECTIVE

# POTENTIAL DONEES

- Government (Real Estate Only)
- 501(c)(3) Organization (Own Use)
- 501(c)(3) Organization (Re-sale)

# DOCUMENTATION

- Qualified Appraisal (Donor's Expense);
- Attach Appraisal Summary to Tax Return;
- Attach Form 8283 to Tax Return; and
- Maintain Records

# QUALIFIED APPRAISAL

- Description of the Property;
- Date of the Contribution;
- Restrictions on Use or Disposition;
- Date(s) on which the Property was Appraised;



# QUALIFIED APPRAISAL (Cont.)

- Appraised FMV of the Property;
- Method of Valuation;
- Specific Basis for the Valuation;
- Prepared for Income Tax Purposes;

# QUALIFIED APPRAISAL (Cont.)

- Prepared for Income Tax Purposes;
- Not More than 60 days before the Contribution; and
- Received Before Due Date of Return.

# QUALIFIED APPRAISER

- Name, Address and TIN of the Appraiser;  
and
- Qualifications of the Appraiser.

# DEDUCTION AMOUNT

- Generally Fair Market Value.
- Cost Basis if Donor is Dealer in Real Estate.
- Cost basis if Donee is a Private Foundation.

# PERCENTAGE LIMITATIONS

- 50% of AGI.
- 30% of AGI to Private Foundations  
(20% if Capital Gain Property).
- Excess Contributions May be Carried Forward 5 Years.

# TIMING OF DEDUCTION

- Delivery of an Executed Deed to the Donee.
- Delivery of a Stock Certificate to Donee.
- Transfer on the Books of the Corporation (if Certificate was Delivered to the Donor's Agent for Transfer).

# BARGAIN SALES

- Part Gift and Part Sale.
- Donation Equals Difference Between Fair Market Value and Sale Price.

# PARTIAL INTEREST RULES

- No Deduction Allowed.
- Examples: Time Shares and Condos.
- Exception: Conservation Easements.



# THE DONEE'S PERSPECTIVE

# GIFT ACCEPTANCE POLICY

## #1

Identify a Bona Fide Purpose in Accepting the Gift Apart from the Intent to Accommodate the Wishes of a Valuable Donor.

# GIFT ACCEPTANCE POLICY

## #2

Undertake the Same Degree of Due Diligence Concerning the Ownership and Use of the Property as the Organization Would Undertake if it were Purchasing the Property.

# GIFT ACCEPTANCE POLICY

## #3

- Determine Whether Real Estate will be Subject to Taxes, Assessments and Association Dues.
- Determine Whether Rents Will be Subject to UBIT.

# GIFT ACCEPTANCE POLICY

## #4

- Determine Whether Dividends and Capital on Stock will be Subject to UBIT.
- S-Corporations.

# USE OF THE PROPERTY

- Retain Property for Own Use (UBIT); or
- Re-Sell (Form 8282)

# DUE DILIGENCE REAL ESTATE

- Commitment for Title Insurance
- Phase I Audit
- Standard ALTA Survey
- Zoning Search
- Real Estate Tax Exemption

# DUE DILIGENCE STOCK

- Articles/Bylaws
- Control Agreements
- Buy-Sell Agreements
- Tax Returns/Financial Statements
- Shareholder List



# RESOURCES

- Publication 526: Charitable Contributions
- Publication 561: Determining the Value of Donated Property

# QUESTIONS