



REQUIREMENTS FOR CHARITABLE GIFTS OF LAND & CONSERVATION EASEMENTS

The Northwoods Land Trust works diligently to see that every land or conservation easement donation meets federal and state charitable gift requirements. Each landowner should be aware of the following important requirements and information as they consider a donation.

1. **Tax Code Requirements:** In order for a land or conservation easement donor to claim an income tax deduction, that project must meet the requirements of the Internal Revenue Code section 170 and the accompanying Treasury Department regulations. Conservation easements must also meet the requirements of Wisconsin's Uniform Conservation Easement Act, Section 700.40 of the Wisconsin Statutes. The Northwoods Land Trust, on its own behalf, reviews each transaction for consistency with these requirements.

2. **Appraisals:** The federal Internal Revenue Code requires a qualified appraisal prepared by a qualified appraiser for gifts of property (or partial interests in property such as a conservation easement) valued at more than \$5,000. Because the donor is responsible for any determination of value of the donation, these appraisals are a landowner expense. The appraisals may be completed no earlier than 60 days prior to the contribution date and no later than the donor's deadline for filing their federal tax return. If the amount of the contribution exceeds \$500,000, then the donor must attach the qualified appraisal to the donor's tax return. Appraisal and appraiser requirements, especially for conservation easements, are currently being updated. At a minimum a landowner should use a qualified appraiser who follows the Uniform Standards of Professional Appraisal Practice. The land trust does request a full copy of the completed appraisal (electronic copies are fine) to review prior to signing the donor's IRS acknowledgments forms. The land trust will not knowingly participate in projects where it has significant concerns about the tax deduction.

3. **No Assurances on Deductibility or Tax Benefits:** The Northwoods Land Trust cannot make assurances as to whether a particular land or conservation easement donation will be deductible, what monetary value of the gift the Internal Revenue Service and/or Wisconsin Department of Revenue will accept, what the resulting tax benefits of the charitable deduction will be, or whether the donor's appraisal is accurate.

4. **Northwoods Land Trust Responsibilities - IRS Forms 8283 and 8282:** The Northwoods Land Trust intends to comply with its responsibilities to sign the donor's Appraisal Summary Form 8283. If the information in Section B, Part 1, "Information on Donated Property" is not accurate, if the land trust believes that no gift has been made, or if the property has not been accurately described, the land trust will refuse to sign the form. If the land trust has significant reservations about the value of the gift, particularly as it may impact our credibility, NWLT may seek additional substantiation of value or may disclose its reservations to the donor. For conservation easement donations, donors should also be aware that there are a series of supplemental questions required by the IRS to be submitted along with the Form 8283. These questions ask the donors to describe the conservation purposes of the easement, appraisal methods used, "before" and "after" appraised values, state if the donation was made in order to get a permit or other approval or if it was required by a contract, and indicate whether or not the donor's family has interest in any other property nearby. When applicable, the Northwoods Land Trust also signs and files Form 8282, with a copy provided to the donor, reporting the resale of donated property if it occurs within three years of the date of the gift.

5. **Donor's Legal & Financial Counsel:** While we do try to provide information on current regulations and requirements, the Northwoods Land Trust cannot give either legal or financial advice. Because of the complexities of the federal and state tax regulations, and the significance of the financial considerations for land or conservation easement donations, *the Northwoods Land Trust strongly recommends that each prospective donor seek their own legal and financial advice regarding the deductibility of their donation.*