

# Land Trust Alliance *Fact Sheet*



## IRS Form 8283 – Conservation Easement Appraisal Summary

In signing the Appraisal Summary, Form 8283, the land trust acknowledges receipt of the gift and agrees to notify the IRS if it disposes of the property within two years. Signing the form does not constitute an endorsement of the claimed deduction; IRS regulations specifically state: “the signature of the donee on the appraisal summary does not represent concurrence in the appraised value of the contributed property.”

Land trusts must be very careful to know and follow the IRS rules on Form 8283 to the letter—because the IRS, knowing relatively little about conservation (they’re not supposed to) is better able to notice technical deficiencies than bad conservation. The IRS is worried about conservation donations, and we can expect that they will challenge more easement valuations; and they will look for technical deficiencies in easement donations.

Late in December 2005 the IRS issued a new, revised Form 8283 and new instructions. Any donor who has not already completed their form 8283 for a donation of property—including the donation of a conservation easement—should use the new form and follow the new instructions, even if that donation was made in 2005. Land trusts need to work with their donors, and with their donors’ appraisers, to make sure they pay close attention to

the new form, and particularly to the new instructions, which require conservation easement donors to provide documentation to which the form itself does not refer.

While signing the Form 8283 is not a technical endorsement of the value, due to the increased IRS scrutiny of conservation easements and the land trust’s interests in maintaining its own credibility, Practice 10D of the Land Trust Standards and Practices recommends that the land trust sign the Form 8283 only after Section B, Part 1, “Information on Donated Property” and Part 3, “Declaration of Appraiser” is complete. While the land trust is not attesting to the value of the gift in signing the form, the land trust will want to know the value and have a completed copy of the 8283 for the following reasons:

### **Public relations.**

Knowing the appraised value of the land it holds allows the land trust to describe the total dollar value of its holdings, which is often a compelling statement. Of course, the land trust should never publicly reveal the value of an individual gift of property, except with the approval of the donor.

### **Helping the landowner.**

As described in practices 10A and 10B, the land trust can help landowners prepare projects that meet the IRS requirements and, hence, reduce the likelihood of an IRS audit.

### **Public support test.**

Land trusts need to know the value of the property in order to calculate public

support for maintaining charitable status. (This may not be true for conservation easements if the land trust values its easements at zero.) (See practice 2C for further discussion of the public support test.)

### **Easement extinguishment.**

Knowing the value of a conservation easement, as well as the value of the land without the easement, is important in the event the easement is eventually extinguished and the land is sold, since “division of proceeds” clauses in the IRS easement regulations entitle the land trust to a percentage of the sale price based on those values.

Completing the transaction file. The completed 8283 is an important record of the nature of the transaction and should be part of the permanent file.



### **Information Resources**

The Learning Center resources are available to volunteers and staff of Land Trust Alliance member land trusts and partners and to individual members donating \$250 and above.

“Public Policy Update: Some New IRS Requirements”, Exchange Spring 2006 - [http://learningcenter.lta.org/objects/view.acs?object\\_id=18643](http://learningcenter.lta.org/objects/view.acs?object_id=18643)

“Land Trust Ethics”, Exchange Winter 2005 - [http://learningcenter.lta.org/objects/view.acs?object\\_id=16383](http://learningcenter.lta.org/objects/view.acs?object_id=16383)

“Post-Rally Observations on IRS Discussions”, Steve Small’s thoughts about the IRS presence at Rally, Commissioner Miller’s plenary remarks, and

the workshop with the IRS Monday afternoon, October 17, 2005. – [http://learningcenter.lta.org/objects/view.acs?object\\_id=17829](http://learningcenter.lta.org/objects/view.acs?object_id=17829)

Rally 2005 Workshop B11: “Practical Guidance for Dealing with IRS Form 8283 Issues” - [http://learningcenter.lta.org/objects/view.acs?object\\_id=17468](http://learningcenter.lta.org/objects/view.acs?object_id=17468)

Rally 2004 Workshop E14: “Appraisal Issues & the IRS Form 8283” - [http://learningcenter.lta.org/objects/view.acs?object\\_id=14281](http://learningcenter.lta.org/objects/view.acs?object_id=14281)

### **Links to Internal Revenue Service Resources**

Charitable Organizations – Substantiating Non-cash Contributions - <http://www.irs.gov/charities/charitable/article/0,,id=123202,00.html>

IRS Form 8282—Donee Information Return <http://www.irs.gov/pub/irs-pdf/f8282.pdf>

IRS Form 8283—Noncash Charitable Contributions - <http://www.irs.gov/pub/irs-pdf/f8283.pdf>



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