

# Frequently Asked Questions

## Form 8283 Noncash Charitable Donations

**What is form 8283? When must a donor to a Charitable Remainder Trust complete Form 8283? How should it be prepared when the donation is to a charitable remainder trust or charitable lead trust?**

### About the form

Form 8283 *Noncash Charitable Contributions* must be filed with the value of all noncash charitable donations exceeds \$500. The form is used to collect certain information regarding such transactions in order to confirm that they are substantiated as required by law. Examples of donations which require the completion of the form include:

- Publicly traded securities;
- Real property;
- Tangible personal property;
- Works of art;
- Close corporation stock;
- Partnership interests;
- Limited liability company interests;
- The present value of the remainder interest in a charitable remainder trust funded with noncash property;
- The present value of the lead interest in a charitable lead trust funded with noncash property.

The information required supports the donor's claim of an income tax deduction and, as a practical manner, provides information necessary to determine whether certain deduction limitations should be applied to the donation.

The form is divided into two sections. Section A, Part I is used to report total noncash charitable donations (other than publicly traded securities) that have a value *less than \$5,000*. Section A is also used to report total donations of *all publicly traded securities that exceed the \$500 limit*. If the donation is a gift of a partial interest or has certain conditions attached (such as restrictions on the donee's right to use or to dispose of the property), then additional disclosures are required in Section A, Part II.

Section B is used to report noncash charitable donations valued at more than \$5,000. It guides the taxpayer through the principal disclosures required by the Internal Revenue Code. The fundamental disclosure is the requirement to obtain a qualified appraisal of the property supporting the claimed deduction. Note that the appraiser must sign and date the form. The American Jobs Creation Act of 2004 added a requirement that if the property transferred is appraised at more than \$500,000, then the appraisal itself must also be attached to the return.

Preparation Tips

*Reporting the Charitable Deduction Factor on Section A*

Preparation of the form is a challenge when the donation is to a qualified charitable remainder trust or grantor charitable lead trust. The form does not take into account the charitable deduction factor<sup>1</sup> required to arrive at the deductible amount of the donation. (See Fig. 1)

**Note.** If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

	(c) Date of the contribution	(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) Fair market value (see instructions)	(h) Method used to determine the fair market value
A						
B						
C						
D						
E						

Fig. 1 Form 8283 *Noncash Charitable Contributions* Section A

A method for accommodating this shortcoming is for Section A to reference an attachment on which the required columns from Section A are reproduced along with two additional columns appended to the right. (See Fig. 2) The first additional column would disclose the charitable deduction factor. The second additional column would contain the extension of the charitable deduction factor multiplied by the fair market value<sup>2</sup> of the donated asset (which is the statutory present value of the remainder interest or lead interest).

Date of the contribution	Date acquired by donor (mo., yr.)	How acquired by donor	Donor's cost or adjusted basis	Fair market value	Method used to determine the fair market value	<i>New Columns</i>	
						Remainder interest factor	Deductible amount
1/2/2006	6/30/1976	Purchase	\$10,000	\$250,000	Market Price	0.2765	\$69,125

Fig. 2 Alternative Statement to Attach to Form 8283

<sup>1</sup> The charitable deduction factor for charitable remainder trusts and charitable lead trusts differ in that a charitable remainder trust charitable deduction factor is used to compute the present value of the remainder interest, while a charitable lead trust charitable deduction factor is used to compute the present value of the lead interest. They are arithmetic complements—that is the charitable lead trust deduction factor is equal to 1 minus the charitable remainder trust deduction factor.

<sup>2</sup> In certain cases the deduction may be limited to the charitable deduction factor times the cost basis of the donated asset.

*Reporting the Charitable Deduction Factor on Section B*

Section B of Form 8283 provides a similar challenge when the donation is to a qualified charitable remainder trust or grantor charitable lead trust. As you can see in Fig. 3, the form does not provide a column for the remainder or lead interest factor and the extended value. In this case, an approach similar to that described above can be used to report the asset and its deductible value.

Property was more than \$500,000, you must attach a qualified appraisal of the property. See instructions.

5	(a) Description of donated property (If you need more space, attach a separate statement)	(b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift	(c) Appraised fair market value
A			
B			
C			
D			

  

(d) Date acquired by donor (mo., yr.)	(e) How acquired by donor	(f) Donor's cost or adjusted basis	(g) For bargain sales, enter amount received	See instructions	
				(h) Amount claimed as a deduction	(i) Average trading price of securities
A					
B					
C					
D					

Fig. 3 Form 8283 *Noncash Charitable Contributions* Section B

*Support for the Charitable Deduction Factor*

Treasury Regulation 1.664-4(c) requires that a statement supporting the computation of the remainder interest factor be attached to the individual or corporate return for donations to charitable remainder trusts. It is recommended that a similar statement be supplied in the case of a charitable lead trust. The purpose of this statement is to provide support for the computation of the statutory present value of the remainder interest or lead interest. The charitable deduction report provided by Renaissance can be attached for this purpose.

*Donee Acknowledgment*

The donee of a charitable remainder trust or charitable lead trust is deemed to be the trustee of the trust, not the charitable remainder beneficiaries or charitable lead beneficiaries of the trust. The information supplied in the donee acknowledgment section should be trust information and one or more of the trustees should sign as the authorized signature.