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Useful Items
You may want to see:

Publication

- 526 Charitable Contributions
- 8282 Donee Information Return
- 8283 Noncash Charitable Contributions
- 8283-V Payment Voucher for Filing Fee

See How To Get Tax Help, near the end of this publication, for information about getting these publications and forms.

What Is Fair Market Value (FMV)?

To figure how much you may deduct for property that you contribute, you must first determine its fair market value on the date of the contribution.

Fair market value. Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts. If you put a restriction on the use of property you donate, the FMV must reflect that restriction.

Example 1. If you give used clothing to the Salvation Army, the FMV would be the price that typical buyers actually pay for clothing of this age, condition, style, and use. Usually, such items are worth far less than what you paid for them.

Example 2. If you donate land and restrict its use for agricultural purposes, you must value the land at its value for agricultural purposes, even though it would have a higher FMV if it were not restricted.

Factors. In making and supporting the valuation of property, all factors affecting value are relevant and must be considered. These include:

- The cost or selling price of the item,
- Sales of comparable properties,
- Replacement cost, and
- Opinions of experts.

These factors are discussed later. Also, see Table 1 for a summary of questions to ask as you consider each factor.

Date of contribution. Ordinarily, the date of a contribution is the date that the transfer of the property takes place.

Stock. If you deliver, without any conditions, a property endorsed stock certificate to a qualified organization, or to an agent of the organization, the date of the contribution is the date of delivery. If the certificate is mailed and received through the regular mail, it is the date of mailing. If you deliver the certificate to a bank or broker acting as your agent or to the issuing corporation or its agent, for transfer into the name of the organization, the date of the contribution is the date the stock is transferred on the books of the corporation.

Options. If you grant an option to a qualified organization to buy real property, you have not made a charitable contribution until the organization exercises the option. The amount of the contribution is the FMV of the property on the date the option is exercised minus the exercise price.

Example. You want to buy a local university, which is a qualified organization, to buy real property. Under the option, the university, in good faith, could buy the property at any time during a 2-year period for $40,000. The FMV of the property on the date the option is granted is $50,000. Therefore, you have made a charitable contribution of $10,000 ($50,000 – $40,000, the exercise price) in the tax year the option is exercised.

Determining Fair Market Value

Determining the value of donated property would be a simple matter if you could rely only on fixed formulas, rules, or methods. Usually it is not that simple. Using such formulas, etc., seldom results in an acceptable determination of FMV. There is no single formula that always applies when determining the value of property.

This is not to say that a valuation is only guesswork. You must consider all the facts and circumstances connected with the property, such as its desirability, use, and scarcity.

For example, donated furniture should not be evaluated at some fixed rate such as 15% of the cost of new replacement furniture. When the furniture is contributed, it may be out of style or in poor condition, therefore having little or no market value. On the other hand, it may be an antique, the value of which could not be determined by using any formula.

Cost or Selling Price of the Donated Property

The cost of the property to you or the actual selling price received by the qualified organization may be the best indication of its FMV. However, because conditions in the market change, the cost or selling price of property may have less weight if the property was not bought or sold reasonably close to the date of contribution.

The cost or selling price is a good indication of the property’s value if:

- The purchase or sale took place close to the valuation date in an open market,
- The purchase or sale was at "arm’s-length,"
- The buyer and seller knew all relevant facts,
- The buyer and seller did not have to act, and
- The market did not change between the date of purchase or sale and the valuation date.

Example. Tom Morgan, who is not a dealer in gems, bought an assortment of gems for $5,000 from a promoter. The promoter claimed that the price was "wholesale" even though he and other dealers made similar sales at similar prices to other persons who were not dealers. The promoter said that if Tom kept the gems for more than 1 year and then gave them to charity, Tom could claim a charitable deduction of $15,000, which, according to the promoter, would be the value of the gems at the time of contribution. Tom gave the gems to a qualified charity 13 months after buying them.

The selling price for these gems had not changed from the date of purchase to the date he donated them to charity. The best evidence of FMV depends on actual transactions and not on some artificial estimate. The $5,000 charged Tom and others is, therefore, the best evidence of the maximum FMV of the gems.

Terms of the purchase or sale. The terms of the purchase or sale should be considered in determining FMV if they influenced the price. These terms include any restrictions, understandings, or covenants limiting the use or disposition of the property.

Rate of increase or decrease in value. Unless you can show that there were unusual circumstances, it is assumed that the increase or decrease in the value of your donated property from your cost has been at a reasonable rate. For time adjustments, an appraiser may consider published price indexes for information on general price trends, building costs, commodity costs, securities, and works of art sold at auction in arm’s-length sales.

Example. Bill Brown bought a painting for $10,000. Thirteen months later he gave it to an art museum, claiming a charitable deduction of $15,000 on his tax return. The appraisal of the painting should include information showing that there were unusual circumstances that justified a 50% increase in value for the 13 months Bill held the property.
Arm’s-length offer. An arm’s-length offer to buy the property close to the valuation date may help to prove its value if the person making the offer was willing and able to complete the transaction. To rely on an offer, you should be able to show proof of the offer and the specific amount to be paid. Offers to buy property other than the donated item will help to determine value if the other property is reasonably similar to the donated property.

Sales of Comparable Properties
The sales prices of properties similar to the donated property are often important in determining the FMV. The weight to be given to each sale depends on the following.
• The degree of similarity between the property sold and the donated property.
• The time of the sale—whether it was close to the valuation date.
• The circumstances of the sale—whether it was at arm’s-length with a knowledgeable buyer and seller, with neither having to act.
• The conditions of the market in which the sale was made—whether unusually inflated or deflated.

The comparable sales method of valuing real estate is explained later under Valuation of Various Kinds of Property.

Example 1. Mary Black, who is not a book dealer, paid a promoter $10,000 for 500 copies of a single edition of a modern translation of the Bible. The promoter had claimed that the price was considerably less than the “retail” price, and gave her a statement that the books had a total retail value of $30,000. The promoter advised her that if she kept the Bibles for more than 1 year and then gave them to a qualified organization, she could claim a charitable deduction for the “retail” price of $30,000. Thirteen months later she gave all the Bibles to a church that she selected from a list provided by the promoter. At the time of her donation, wholesale dealers were selling similar quantities of Bibles for the general public for $10,000.

The FMV of the Bibles is $10,000, the price at which similar quantities of Bibles were being sold to others at the time of the contribution.

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Replacement Cost
The cost of buying, building, or manufacturing property similar to the donated item should be considered in determining FMV. However, there must be a reasonable relationship between the replacement cost and the FMV.

The replacement cost is the amount it would cost to replace the donated item on the valuation date. Often there is no published replacement cost and the FMV. If the supply of the donated property is more or less than the demand for it, the replacement cost becomes less important.

To determine the replacement cost of the donated property, find the “estimated replacement cost new.” Then subtract from this figure an amount for depreciation due to the physical condition and obsolescence of the donated property. You should be able to show the relationship between the depreciated replacement cost and the FMV, as well as how you arrived at the “estimated replacement cost new.”

Opinions of Experts
Generally, the weight given to an expert’s opinion on matters such as the authenticity of a coin or a work of art, or the most profitable and best use of a piece of real estate, depends on the knowledge and competence of the expert and the thoroughness with which the opinion is supported by experience and facts. For an expert’s opinion to deserve much weight, the facts must support the opinion. For additional information, see Appraisals, later.

Problems in Determining Fair Market Value
There are a number of problems in determining the FMV of donated property.

Unusual Market Conditions
The sale price of the property itself in an arm’s-length transaction in an open market is often the best evidence of its value. When you rely on sales of comparable property, the sales must have been made in an open market. If those sales were made in a market that was artificially supported or stimulated so as not to be truly representative, the prices at which the sales were made will not indicate the FMV.

For example, liquidation sale prices usually do not indicate the FMV. Also, sales of stock under unusual circumstances, such as sales of small lots, forced sales, and sales in a restricted market, may not represent the FMV.

Selection of Comparable Sales
Using sales of comparable property is an important method for determining the FMV of donated property. However, the amount of weight given to a sale depends on the degree of similarity between the comparable and the donated properties. The degree of similarity must be close enough so that this selling price would...
have been given consideration by reasonably well-informed buyers or sellers of the property.

**Example.** You give a rare, old book to your former college. The book is a third edition and is in poor condition because of a missing back cover. You discover that there was a sale for $300, near the valuation date, of a first edition of the book that was in good condition. Although the contents are the same, the books are not at all similar because of the different editions and their physical condition. Little consideration would be given to the selling price of the $300 property by knowledgeable buyers or sellers.

### Future Events

You may not consider unexpected events happening after your donation of property in making the valuation. You may consider only the facts known at the time of the gift, and those that could be reasonably expected at the time of the gift.

**Example.** You give farmland to a qualified charity. The transfer provides that your mother will have the right to all income and full use of the property for her life. Even though your mother dies 1 week after the transfer, the value of the property on the date it is given is its present value, subject to the life interest as estimated from actuarial tables. You may not take a higher deduction because the charity received full use and possession of the land only 1 week after the transfer.

### Using Past Events to Predict the Future

A common error is to rely too much on past events that do not fairly reflect the probable future earnings and FMV.

**Example.** You give all your rights in a successful patent to your favorite charity. Your records show that before the valuation date there were three stages in the patent’s history of earnings. However, the appraiser must not rely too much on past events that do not represent the condition of the property. For information on appraisals, see Appraisals, later.

### Household Goods

The FMV of used household goods, such as furniture, appliances, and linens, is usually much lower than the price paid when new. Such used property may have little or no market value because of its worn condition. It may be out of style or no longer useful.

You cannot take a deduction for household goods donated after August 17, 2006, unless they are in good used condition or better. A household good that is not in good used condition or better for which you take a deduction of more than $500 requires a qualified appraisal.

**Deduction over $500 for certain clothing or household items.**

If the property is valuable because it is old or unique, see the discussion under Paintings, Antiques, and Other Objects of Art.

### Used Clothing

Used clothing and other personal items are usually worth far less than the price you paid for them. Valuation of items of clothing does not lend itself to fixed formulas or methods.

The price that buyers of used items actually pay in used clothing stores, such as donation or thrift shops, is an indication of the value.

You cannot take a deduction for clothing donated after August 17, 2006, unless it is in good used condition or better. An item of clothing that is not in good used condition or better for which you take a deduction of more than $500 requires a qualified appraisal.

**Deduction over $500 for certain clothing or household items.**

For valuable fur or very expensive garnments, a Form 8283 may have to be sent with your tax return.

### Jewelry and Gems

Jewelry and gems are of such a specialized nature that it is almost always necessary to get an appraisal by a specialized jewelry appraiser. The appraisal should describe, among other things, the style of the jewelry, the cut and setting of the gem, and whether it is now in fashion. If not in fashion, the possibility of having the property redesigned, recut, or reset should be reported in the appraisal. The stone’s coloring, weight, cut, brilliance, and flaws should be reported and analyzed. Sentimental personal value has no effect on FMV. But if the jewelry was owned by a famous person, its value might increase.

### Valuation of Various Kinds of Property

This section contains information on determining the FMV of ordinary kinds of donated property. For information on appraisals, see Appraisals, later.

**Paintings, Antiques, and Other Objects of Art**

Your deduction for contributions of paintings, antiques, and other objects of art, should be supported by a written appraisal from a qualified and reputable source, unless the deduction is $5,000 or less. Examples of information that should be included in appraisals of art objects—paintings in particular—are found later under Qualified Appraisal.

**Art valued at $20,000 or more.** If you claim a deduction of $20,000 or more for donations of art, you must attach a complete copy of the signed appraisal to your return. For individual objects valued at $20,000 or more, a photograph of a size and quality fully showing the object, preferably an 8 x 10 inch color photograph or a color transparency no smaller than 4 x 5 inches, must be provided upon request.

**Art valued at $50,000 or more.** If you donate an item of art that has been appraised at $50,000 or more, you can request a Statement of Value for that item from the IRS. You must request the statement before filing the tax return that reports the donation. Your request must include the following.

- A copy of a qualified appraisal of the item. See Qualified Appraisal, later.
- A $2,500 check or money order payable to the Internal Revenue Service for the user fee that applies to your request.
- One, two, or three items of art. Add $250 for each item in excess of three.

You cannot take a deduction for household goods donated after August 17, 2006, unless they are in good used condition or better. A copy of a qualified appraisal of the item must be attached to your return.

### Physical Condition

Important items in the valuation of antiques and art are physical condition and extent of restoration. These have a significant effect on the value and must be fully reported in an appraisal. An antique in damaged condition, or lacking the “original brasses,” may be worth much less than a similar piece in excellent condition.

### Art appraisers

More weight will usually be given to an appraisal prepared by an individual specializing in the kind and price range of the art being appraised. Certain art dealers or appraisers specialize, for example, in old masters, modern art, bronze sculpture, etc. Their opinions on the authenticity and desirability of such art would usually be given more weight than the opinions of more generalized art dealers or appraisers. They can report more recent comparable sales to support their opinion.

To identify and locate experts on unique, specialized items or collections, you may wish to use the current Official Museum Directory of the American Association of Museums. It lists museums both by state and by category.

To help you locate a qualified appraiser for your donation, you may wish to ask an art histo-
specialized art and antique dealers, auctioneers, and art appraisers. You may be able to find a qualified appraiser on the Internet. You may also contact associations of dealers for guidance.

Collections

Since many kinds of hobby collections may be the subject of the charitable donation, it is not possible to discuss all of the possible collectibles in this publication. Most common are rare books, coins, stamps, quilts, leather, dolls, manuscripts, stamps, coins, guns, phonograph records, and natural history items. Many of the elements of valuation that apply to paintings, sculpture, and other aspects of art, discussed earlier, also apply to miscellaneous collections.

Reference material. Publications available to help you determine the value of many kinds of collections include catalogs, dealers’ price lists, and specialized hobby periodicals. When using one of these price guides, you must use the current edition at the date of contribution. Differences from current editions, every year, these sources are not always reliable indicators of FMV and should be supported by other evidence.

For example, a dealer may sell an item for much less than is shown on a price list, particularly after the item has remained unsold for a long time. The price an item sold for in an auction may have been the result of a rigged sale or a mere bidding duel. The appraiser must analyze the reference material, and recognize and make adjustments for misleading entries. If you are donating a valuable collection, you should get an appraisal. If your donation appears to be of little value, you may be able to make a satisfactory valuation using reference materials available at a state, city, college, or museum library.

Stamp collections. Most libraries have catalogs or other books that report the publisher’s estimate of values. Generally, two price levels are shown for each stamp: the price postmarked and the price not postmarked. Stamp dealers generally know the value of their merchandise and are able to prepare satisfactory appraisals of valuable collections.

Coin collections. Many catalogs and other reference materials show the writer’s or publisher’s opinion of the value of coins on or near the subject of a charitable donation. Like many other collectors’ items, the value of a coin depends on the demand for it, its age, and its rarity. Another important factor is the coin’s condition. For example, there is a great difference in the value of a coin that is in mint condition and a similar coin that is only in condition.

Catalogs usually establish a category for coins, based on their physical condition—mint or uncirculated; extremely fine, very fine, fine, very good, good, fair, or poor—with a different valuation for each category.

Books. The value of books is usually determined by selecting comparable sales and adjusting the prices according to the differences between the comparable sales and the item being evaluated. This is difficult to do and, except for a collection of little value, should be done by a specialized appraiser. Within the general category of literary property, there are dealers who specialize in certain areas, such as Americana, foreign imports, Bibles, and scientific books.

Modest value of collection. If the collection you are donating is of modest value, not requiring a written appraisal, the following information may help you in determining the FMV.

A book that is very old, or very rare, is not necessarily valuable. There are many books that are very old or rare, but that have little or no market value.

Condition of book. The condition of a book may have a great influence on its value. Collectors are interested in items that are in fine, or at least good, condition. When a book has a missing page, a loose binding, tears, stains, or is otherwise in poor condition, its value is greatly lowered.

Other factors. Some other factors in the valuation of a book are the kind of binding—paper, tape, leather, or cloth edges—and illustrations (drawings and photographs). Collectors usually want first editions of books. However, because of changes or additions, earlier editions are sometimes worth as much as, or more than, the first edition.

Manuscripts, autographs, diaries, and similar items. When these items are handwritten, or at least signed by famous people, they are often in demand and are valuable. The writings of unknowns also may be of value if they are of unusual historical or literary importance. Determining the value of such material is difficult. For example, there may be a great difference in value between two diaries that were kept by a famous person—one kept during childhood and the other during a later period in his or her life. The appraiser determines a value in these cases by applying knowledge and judgment to such factors as comparable sales and conditions.

Signatures. Signatures, or sets of signatures, that were cut from letters or other papers usually have little or no value. But complete sets of signatures of U.S. presidents are in demand.

Cars, Boats, and Aircraft

If you donate a car, a boat, or an aircraft to a charitable organization, its FMV must be determined.

Certain commercial firms and trade organizations publish monthly or seasonal guides for different regions of the country, containing complete dealer sale prices or dealer average prices for recent model years. Prices are reported for each make, model, and year. These guides also provide estimates for adjusting for unusual equipment, unusual mileage, and physical condition. The prices are not “official,” and these publications are not considered an appraisal of any specific donated property. But they do provide clues for making an appraisal and suggest relative prices for comparison with current sales and offerings in your area.

These publications are sometimes available from public libraries, auto dealers, bank, credit union, or finance company. You can also find pricing information about used cars on the Internet.

An acceptable measure of the FMV of a donated car, boat, or airplane is an amount not in excess of the price listed in a used vehicle pricing guide for a private party sale, not the dealer retail value, of a similar vehicle. However, the FMV may be less than that amount if the vehicle has engine trouble, body damage, high mileage, or any type of excessive wear. The FMV of a donated vehicle is the same as the price listed in a used vehicle pricing guide for a private party sale if the guide lists a sales price for a vehicle that is the same make, model, and year, sold in the same area, in the same condition, with the same or similar options or accessories, and with the same or similar warranties as the donated vehicle.

Example. You donate a used car in poor condition to a local high school for use by students studying car repair. A used vehicle guide shows the dealer retail value for this type of car in poor condition is $1,600. However, the guide shows the price for a private party sale of the car is only $750. The FMV of the car is considered to be no more than $750.

Boats. Except for inexpensive small boats, the valuation of boats should be based on an appraisal by a marine surveyor because the physical condition is so critical to the value.

More information. Your deduction for a donated car, boat, or airplane generally is limited to the gross proceeds from its sale by the qualified organization. This rule applies if the claimed value of the donated vehicle is more than $500. In certain cases, you can deduct the vehicle’s FMV. For details, see Publication 526.

Inventory

If you donate any item inventory to a charitable organization, the amount of your deductible contribution generally is the FMV of the item, minus any gain you would have realized if you had sold the item at FMV on the date of the gift. For more information, see Publication 526.

Patents

To determine the FMV of a patent, you must take into account, among other factors:

• Whether the patented technology has been made obsolete by other technology;
• Any restrictions on the donee’s use of, or ability to transfer, the patented technology; and
• The length of time remaining before the patent expires.

However, your deduction for a donation of a patent or other intellectual property is its FMV, minus any gain you would have realized if you had sold the property at its FMV on the date of the gift. Generally, this means your deduction is the lesser of the property’s FMV or its basis. For details, see Publication 526.

Stocks and Bonds

The value of stocks and bonds is the FMV of a share or bond on the valuation date. See Date of contribution, earlier, under What Is Fair Market Value (FMV).

Selling prices on valuation date. If there is an active market for the contributed stocks or bonds on a stock exchange, in an
over-the-counter market, or elsewhere, the FMV of each share or bond is the average price between the highest and lowest quoted selling prices on the valuation date. For example, if the highest selling price for a share was $11, and the lowest $9, the average price is $10. You get the average price by adding $11 and $9 and dividing the sum by 2.

No sales on valuation date. If there were no sales on the valuation date, but there were sales within a reasonable period before and after the valuation date, you determine FMV by taking the average price between the highest and lowest sales prices on the nearest date before and on the nearest date after the valuation date. Then you weight these averages in inverse order by the respective number of trading days between the selling dates and the valuation date.

Example. On the day you gave stock to a qualified organization, there were no sales of the stock. Sales of the stock nearest the valuation date took place two trading days before the valuation date at an average selling price of $10 and three trading days after the valuation date at an average selling price of $15. The FMV on the valuation date was $12, figured as follows:

\[
\frac{(3 \times 10) + (2 \times 15)}{5} = \$12
\]

Listings on more than one stock exchange. Stocks or bonds listed on more than one stock exchange are valued based on the prices of the exchange on which they are principally dealt. This applies if these prices are published in a generally available listing or publication of general circulation. If this is not applicable, and the stocks or bonds are reported on a composite listing of combined exchanges in a publication of general circulation, use the composite list. See also Unavailable prices or closely held corporations, later.

Bid and asked prices on valuation date. If there were no sales within a reasonable period before and after the valuation date, the FMV is the average price between the bona fide bid and asked prices on the valuation date.

Example. Although there were no sales of Blue Corporation stock on the valuation date, a bona fide bid and asked prices were available on that date of $14 and $16, respectively. The FMV is $15, the average price between the bid and asked prices.

No prices on valuation date. If there were no prices available on the valuation date, you determine FMV by taking the average prices between the bona fide bid and asked prices on the closest trading date before and after the valuation date. Both dates must be within a reasonable period. Then you weight these averages in inverse order by the respective number of trading days between the bid and asked dates and the valuation date.

Example. On the day you gave stock to a qualified organization, no prices were available. Bona fide bid and asked prices 3 days before the valuation date were $10 and 2 days after the valuation date were $15. The FMV on the valuation date is $13, figured as follows:

\[
\frac{(2 \times 10) + (3 \times 15)}{5} = \$13
\]

Prices only before or after valuation date, but not both. If no selling prices or bona fide bid and asked prices are available on a date within a reasonable period before the valuation date, but are available on a date within a reasonable period after the valuation date, or vice versa, then the average price between the highest and lowest of such available prices may be treated as the value.

Large blocks of stock. When a large block of stock is put on the market, it may lower the selling price of the stock if the supply is greater than the demand. On the other hand, market forces may exist that will afford higher prices for large blocks of stock. Because of the many factors to be considered, determining the value of large blocks of stock usually requires the help of experts specializing in underwriting large quantities of securities, or in trading in the securities of the industry of which the particular company is a part.

Unavailable prices or closely held corporation. If selling prices or bid and asked prices are not available, or if securities of a closely held corporation are involved, determine the FMV by considering the following factors:

- For bonds, the soundness of the security, the interest yield, the date of maturity, and other relevant factors.
- For shares of stock, the company’s net worth, prospective earning power and dividend-paying capacity, and other relevant factors. Other factors. Other relevant factors include:
  - The nature and history of the business, especially its recent history,
  - The goodwill of the business,
  - The economic outlook in the particular industry,
  - The company’s position in the industry, its competitors, and its management, and
  - The value of securities of corporations engaged in the same or similar business. For preferred stock, the most important factors are its yield, dividend coverage, and protection of its liquidation preference.

You should keep complete financial and other information on which the valuation is based. This includes copies of reports of examinations of the company made by accountants, engineers, or any technical experts on or close to the valuation date.

Restricted securities. Some classes of stock cannot be traded publicly because of restrictions imposed by the Securities and Exchange Commission, or by the corporate charter or a trust agreement. These restricted securities usually trade at a discount in relation to freely traded securities.

To arrive at the FMV of restricted securities, factors that you must consider include the resale provisions found in the restriction agreements, the relative negotiating strengths of the buyer and seller, and the market experience of freely traded securities of the same class as the restricted securities.

Real Estate

Because each piece of real estate is unique and its valuation is complicated, a detailed appraisal by a professional appraiser is necessary. The appraiser must be thoroughly trained in the application of appraisal principles and theory. In some instances, the opinion of equally qualified appraisers may carry unequal weight, such as when one appraiser has a better knowledge of local conditions.

The appraisal report must contain a complete description of the property, such as street address, legal description, and lot and block number, as well as physical features, condition, and dimensions. The use to which the property is put, zoning and permitted uses, and its potential use for other higher and better uses are also relevant.

In general, there are three main approaches to the valuation of real estate. An appraisal may require the combined use of two or three methods rather than one method only.

1. Comparable Sales

The comparable sales method compares the donated property with several similar properties that have been sold. The selling prices, after adjustments for differences in date of sale, size, condition, and location, would then indicate the estimated FMV of the donated property. If the sales are recent, the property is similar in type, and the sales are for close situations, the price would seem to be relevant.

If comparable sales are not available, or if the sales are not comparable to the donated property, the next approach should be used.

2. Cost

The cost concept is the other main approach. It involves estimating the cost of producing, building, or improving the property, usually at the time of the valuation. In many instances, this method may be the most practical and realistic.

3. Income

The income approach is used for the valuation of income-producing property. It is based on the present worth of the future income stream of the property. Income-producing property includes those properties that are valued on the basis of their income potential. The income rate may be based on either the market value of comparable properties or on the owner’s expected net income.

For each comparable sale, the appraisal must include the names of the buyer and seller, the deed book and page number, the date of sale and selling price, a property description, the amount and terms of mortgages, property surveys, the assessed value, the tax rate, and the assessor’s appraised FMV.

The comparable selling prices must be adjusted to account for differences between the sale property and the donated property. Because differences of opinion may arise between appraisers as to the degree of comparability and the amount of the adjustment considered necessary for comparison purposes, an appraiser should document each item of adjustment.

Only comparable sales having the least adjustments in terms of items and/or total dollar adjustments should be considered as comparable to the donated property.
2. Capitalization of Income

This method capitalizes the net income from the property at a rate that represents a fair return on the particular investment at the particular time, considering the risks involved. The key elements are the determination of the income to be capitalized and the rate of capitalization.

3. Replacement Cost New or Reproduction Cost Minus Observed Depreciation

This method, used alone, usually does not result in a determination of FMV. Instead, it generally tends to set the upper limit of value, particularly in periods of rising costs, because it is reasonable to assume that an informed buyer will not pay more for the real estate than it would cost to reproduce a similar property. Of course, this reasoning does not apply if a similar property cannot be created because of location, unusual construction, or other reasons. Generally, this method serves to support the value determined from other methods. When the replacement cost method is applied to improved realty, the land and improvements are valued separately.

The replacement cost of a building is figured by considering the materials, the quality of workmanship, and the number of square feet or cubic feet in the building. This cost represents the total cost of labor and material, overhead, and profit. After the replacement cost has been figured, consideration must be given to the following factors:

- Physical deterioration—the wear and tear on the building itself,
- Functional obsolescence—usually in older buildings with, for example, inadequate lighting, plumbing, or heating, small rooms, or a poor floor plan, and
- Economic obsolescence—outside forces causing the whole area to become less desirable.

Interest in a Business

The FMV of any interest in a business, whether a sole proprietorship or a partnership, is the amount that a willing buyer would pay for the interest to a willing seller after consideration of all relevant factors. The relevant factors to be considered in valuing the business are:

- The FMV of the assets of the business,
- The demonstrated earnings capacity of the business, based on a review of past and current earnings, and
- The other factors used in evaluating corporate stock, if they apply.

The value of the goodwill of the business includes copies of reports of examinations of the business made by accountants, engineers, or any technical experts on or close to the valuation date.

Annuities, Interests for Life or Terms of Years, Remainders, and Reversions

The value of these kinds of property is their present value, except in the case of annuities under contracts issued by companies regularly engaged in their sale. The valuation of these commercial annuity contracts and of insurance policies is discussed later under Certain Life Insurance and Annuity Contracts.

To determine present value, you must know the applicable interest rate and use actuarial tables.

Interest rate. The applicable interest rate varies. It is announced monthly in a news release and published in the Internal Revenue Bulletin as a Revenue Ruling. The interest rate to use is the "Applicable Federal Rate Under Section 7520" for a given month and year. You can call the IRS office at 1-800-829-1040 to obtain this rate.

Actuarial tables. You need to refer to actuarial tables to determine a qualified interest in the form of an annuity, any interest for life or a term of years, or any remainder interest to a charitable organization.

You must make an adjustment for depreciation or depletion using the factors shown in Publication 561. For information on the circumstances under which a charitable deduction may be allowed for the donation of a partial interest in property not in trust, see Partial Interest in Property Not in Trust, later.

Certain Life Insurance and Annuity Contracts

The value of an annuity contract or a life insurance policy issued by a company regularly engaged in the sale of such contracts or policies is the amount that company would charge for a comparable contract.

But if the donee of a life insurance policy reasonably be expected to cash the policy rather than hold it as an investment, then the FMV is the cash surrender value rather than the replacement cost.

If an annuity is payable under a combination annuity contract and life insurance policy (for example, a retirement income policy with a death benefit) and there is a liquidation element when it was transferred to the charity, the policy is treated as an annuity contract.

Partial Interest in Property Not in Trust

Generally, no deduction is allowed for a charitable contribution, not made in trust, of less than your entire interest in property. However, this does not apply to a transfer of less than your entire interest if it is a transfer of:

- A remainder interest in your personal residence or farm,
- An undivided part of your entire interest in property, or
- A qualified conservation contribution.

Remainder Interest in Real Property

The amount of the deduction for a donation of a remainder interest in real property is the FMV of the remainder interest at the time of the contribution. To determine this value, you must know the FMV of the property on the date of the contribution. Multiply this value by the appropriate factor. Publications 1457 and 1458 contain these factors.

You must make an adjustment for depreciation or depletion using the factors shown in Publication 1459. For this purpose, the term "depreciable property" means any property subject to wear and tear or obsolescence, even if not used in a trade or business or for the production of income.

If the remainder interest includes both depreciable and nondepreciable property, for example a house and land, the FMV must be allocated between each kind of property at the time of the contribution. This rule also applies to...
a gift of a remainder interest that includes prop-
erty that is part depletable and part not deple-
table. Take into account depreciable or deple-
tion only for the property that is subject to
depreciation or depletion.
For more information, see section 1.170A-12
of the Income Tax Regulations.

Undivided Part of Your Entire
Interest
A contribution of an undivided part of your entire
interest in property must consist of a part of each
and every substantial interest or right you own in
the property. It must extend over the entire term
of your interest in the property. For example, you
are entitled to the income from certain property
for your life (life estate) and you contribute 20%
of that life estate to a qualified organization. You
can claim a deduction for the contribution if you
do not have any other interest in the property. To
figure the value of a contribution involving a
partial interest, see Publication 1457.
If the only interest you own in real property is
a remainder interest and you transfer part of that
interest to a qualified organization, see the pre-
vious discussion on valuation of a remainder
interest in real property.

Qualified Conservation
Contribution
A qualified conservation contribution is a contri-
bution of a qualified real property interest to a
qualified organization to be used only for con-
servation purposes.

Qualified organization. For purposes of a
qualified conservation contribution, a qualified
organization is:
• A governmental unit,
• A publicly supported charitable, religious,
scientific, literary, educational, etc., organi-
zation, or
• An organization that is controlled by, and
operated for the exclusive benefit of, a
governmental unit or a publicly supported
charity.
The organization also must have a commit-
tment to protect the conservation purposes of the
donation and must have the resources to enforce
the restrictions.

Conservation purposes. Your contribution
must be made only for one of the following
conservation purposes.
• Preserving land areas for outdoor recrea-
tion by, or for the education of, the general
public.
• Protecting a relatively natural habitat of
fish, wildlife, or plants, or a similar ecosys-
tem by, or for the education of, the general
public.
• Preserving open space, including farmland
and forest land, if it yields a significant
public benefit. It must be either for the
scenic enjoyment of the general public or
under a clearly defined federal, state, or
local governmental conservation policy.
• Preserving a historically important land
area or a certified historic structure. There
must be some visual public access to the
property. Factors used in determining the
type and amount of public access required
include the historical significance of the
property, the remoteness or accessibility of
the site, and the extent to which intru-
sions on the privacy of individuals living
on the property would be unreasonable.

Building in registered historic district. A
contribution after July 25, 2006, of a qualified
real property interest that is an easement or
other restriction on the exterior of a building in
a registered historic district is deductible only if it
meets all of the following three conditions.
1. The restriction must preserve the entire ex-
terior of the building and must prohibit any
change to the exterior of the building that
is inconsistent with its historical character.
2. You and the organization receiving the
contribution must enter into a written
agreement certifying, that the organization
is a qualified organization and that it has
the resources and commitment to maintain
the property as donated.
3. If you make the contribution in a tax year
beginning after August 17, 2006, you must
include with your return:
   a. A qualified appraisal,
   b. Photographs of the building’s entire ex-
terior, and
   c. A description of all restrictions on devel-
opment of the building, such as zoning
laws and restrictive covenants.

If you make this type of contribution after
February 12, 2007, and claim a deduction of
more than $10,000, your deduction will not be
allowed unless you pay a $250 filing fee. See
Form 8283-V, Payment Voucher for Filing Fee
Under Section 170(f)(13), and its instructions.

Qualified real property interest. This is any
of the following interests in real property.

   1. Your entire interest in real estate other
   than a mineral interest (subsurface oil,
gas, or other minerals, and the right of
access to these minerals).
   2. A remainder interest.
   3. A restriction (granted in perpetuity) on
the use that may be made of the real property.

Value of easement. The valuation of a
easement granted to the first organization.
FMV of the 8 acres reduced by the FMV of the
remaining interest. Thus, the FMV of your remaining
interest is the

\[
\text{FMV of the remaining interest} = \text{FMV of the 8 acres} - \text{FMV of the remaining interest}
\]

Example. You own 10 acres of farmland.
Similar land in the area has an FMV of $2,000 an
acre. However, land in the general area that is
restricted solely to farm use has an FMV of
$1,500 an acre. Your county wants to preserve
open space and prevent further development in
your area.
You grant to the county an enforceable open
space easement in perpetuity on 8 of the 10
acres, restricting its use to farmland. The value of
this easement is $4,000, determined as fol-
lows:

FMV of the property before
granting easement: $20,000
FMV of the property after
granting easement: $16,000
Value of easement: $4,000

More information. For more information about
qualified conservation contributions, see
Publication 526.

Appraisals

Appraisals are not necessary for items of prop-
erty for which you claim a deduction of $5,000 or
less. (There is one exception, described next,
for certain clothing and household items.) How-
ever, you generally will need an appraisal for
donated property for which you claim a deduc-
tion of more than $5,000. There are exceptions.
See Deductions of More Than $5,000, later.

The weight given an appraisal depends on
the completeness of the report, the character-
izations of the appraiser, and the appraiser’s
demonstrated knowledge of the donated
property. An appraisal must give all the facts
on which to base an intelligent judgment of the
value of the property.

The appraisal will not be given much weight
if:
• All the factors that apply are consid-
ered,
• The opinion is not supported with facts,
such as purchase price and comparable
sales, or
You do not need an appraisal if the property is:

- Nonpublicly traded stock of $10,000 or less,
- A vehicle (including a car, boat, or airplane) for which your deduction is limited to the gross proceeds from its sale,
- Qualified intellectual property, such as a patent,
- Certain publicly traded securities described next,
- Inventory and other property donated by a corporation that are "qualified contributions" for the care of the ill, the needy, or infants, within the meaning of section 170(e)(3)(A) of the Internal Revenue Code, or
- Stock in trade, inventory, or property held primarily for sale to customers in the ordinary course of your trade or business.

Although an appraisal is not required for the types of property just listed, you must provide certain information about a donation of any of these types of property on Form 8283.

Publicly traded securities. Even if your claimed deduction is more than $5,000, neither a qualified appraisal is required for publicly traded securities that are:

- Listed on a stock exchange in which quotations are published on a daily basis,
- Regularly traded in a national or regional over-the-counter market for which published quotations are available, or
- Shares of an open-end investment company (mutual fund) for which quotations are published on a daily basis in a newspaper of general circulation throughout the United States.

Publicly traded securities that meet these requirements must be reported on Form 8283, Section A.

A qualified appraisal is not required, but Form 8283, Section B, Parts I and IV, must be completed, for an issue of a security that does not meet the requirements just listed but does meet these requirements:

1. The issue is regularly traded during the computation period (defined later) in a market for which there is an "interdealer quotation system" (defined later),
2. The issuer or agent computes the "average trading price" (defined later) for the issue for the computation period,
3. The average trading price and total volume of the issue for the computation period are published in a newspaper of general circulation throughout the United States, not later than the last day of the month following the end of the calendar quarter in which the computation period ends,
4. The issuer or agent keeps books and records that list for each transaction during the computation period the date of settlement of the transaction, the name and address of the broker or dealer making the market in which the transaction occurred, and the trading price and volume, and
5. The issuer or agent permits the Internal Revenue Service to review the books and records described in item (4) with respect to transactions during the computation period upon receiving reasonable notice.

An interdealer quotation system is any system of general circulation to brokers and dealers that regularly disseminates quotings of obligations by two or more identified brokers or dealers who are not related to either the issuer or agent who computes the average trading price of the security. A quotation sheet prepared and distributed by a broker or dealer in the regular course of business and containing only quotations of that broker or dealer is not an interdealer quotation system.

The average trading price is the average price of all transactions (weighted by volume), other than original issue or redemption transactions, conducted through a United States office of a broker or dealer who maintains a market in the issue of the security during the computation period. Bid and asked quotations are not taken into account.

The computation period is weekly during October through December and monthly during January through September. The weekly computation periods during October through December begin with the first Monday in October and end with the first Sunday following the last Monday in December.

Nonpublicly traded stock. If you contribute nonpublicly traded stock, for which you claim a deduction of $10,000 or less, a qualified appraisal is not required. However, you must attach Form 8283 to your tax return, with Section B, Parts I and IV, completed.

Deductions of More Than $500,000

If you claim a deduction of more than $500,000 for a donation of property, you must attach a qualified appraisal of the property to your return. This does not apply to contributions of cash, inventory, publicly traded stock, or intellectual property.

If you do not attach the appraisal, you cannot deduct your contribution, unless your failure to attach the appraisal is due to reasonable cause and not to willful neglect.

Qualified Appraisal

Generally, if the claimed deduction for an item or group of similar items of donated property is more than $5,000, you must get a qualified appraisal made by a qualified appraiser, and you must attach Section B of Form 8283 to your tax return. There are exceptions, discussed later.

You should keep the appraiser’s report with your written records. Records are discussed in Publication 536.

The phrase “similar items” means property of the same generic category or type (whether or not donated to the same donee), such as stamp collections, coin collections, lithographs, paint-

ings, photographs, books, nonpublicly traded stock, nonpublicly traded securities other than nonpublicly traded stock, land, buildings, cloth-

ing, jewelry, furniture, electronic equipment, household appliances, toys, everyday kitchen-

ware, china, crystal, or silver. For example, if you give books to three schools and you deduct $2,000, $2,500, and $900, respectively, your claimed deduction is more than $5,000 for these books. You must get a qualified appraisal of the books and for each school you must attach a fully completed Form 8283, Section B, to your tax return.

Exceptions. The opinion is not consistent with known facts.

The appraiser’s opinion is never more valid than the facts on which it is based; without these facts it is simply a guess.

The opinion of a person claiming to be an expert is not binding on the Internal Revenue Service. All facts associated with the donation must be considered.

Deduction over $500 for certain clothing or household items. You must include with your return a qualified appraisal of any single item of clothing or any household item that is not in good used condition or better, that you donated after August 17, 2006, and for which you deduct more than $500. See Household Goods and Used Clothing, earlier.

Cost of appraisals. You may not take a charita-

table contribution deduction for fees you pay for appraisals of your donated property. However, these fees may qualify as a miscellaneous de-

duction, subject to the 2% limit, on Schedule A (Form 1040) if paid to determine the amount allowable as a charitable contribution.

Deductions of More Than $5,000

Generally, if the claimed deduction for an item or group of similar items of donated property is more than $5,000, you must get a qualified appraisal made by a qualified appraiser, and you must attach Section B of Form 8283 to your tax return.
A qualified appraisal must include the following information:

1. A complete description of the object, indicating:
   a. Size,
   b. Subject matter,
   c. Medium,
   d. Name of the artist (or culture), and
   e. Approximate date created.

2. The cost, date, and manner of acquisition.

3. A history of the item, including proof of authenticity.

4. A professional quality image of the object.

5. The facts on which the appraisal was based, such as:
   a. Sales or analyses of similar works by the artist, particularly on or around the valuation date.
   b. Quoted prices in dealer’s catalogs of the artist’s works or works of other artists of comparable stature.
   c. A record of any exhibitions at which the specific art object had been displayed.
   d. The economic state of the art market at the time of valuation, particularly with respect to the specific property.
   e. The standing of the artist in his profession and in the particular school or time period.

**Number of qualified appraisals.** A separate qualified appraisal is required for each item of property that is not included in a group of similar items of property. You need only one qualified appraisal for a group of similar items of property contributed in the same tax year, but you may get separate appraisals for each item. A qualified appraisal for a group of similar items must provide all of the required information for each item of similar property. The appraiser, however, may provide a group description for selected items the total value of which is not more than $100.

**Qualified appraiser.** A qualified appraiser is an individual who meets all the following requirements.

1. The individual either:
   a. Has earned an appraisal designation from a recognized professional appraiser organization for demonstrated competency in valuing the type of property being appraised, or
   b. Has met certain minimum education and experience requirements. For real property, the appraiser must be licensed or certified for the type of property being appraised in the state in which the property is located. For property other than real property, the appraiser must have successfully completed college or professional-level coursework relevant to the property being valued, must have at least 2 years of experience in the trade or business of buying, selling, or valuing the type of property being valued, and must fully describe in the appraisal his or her qualifying education and experience.

2. The individual regularly prepares appraisals for the type of property being appraised. To do this, the appraiser can make a declaration in the
appraiser that, because of his or her back-
ground, experience, education, and mem-
bership in professional associations, he or
she is qualified to make appraisals of the
type of property being valued.
4. The individual has not been prohibited
from practicing before the IRS under sec-
tion 330(c) of title 31 of the United States
Code at any time during the 3-year period
ending on the date of the appraisal.
5. The individual is not an excluded individ-
ual.
In addition, the appraiser must complete
Form 8283, Section B, Part III. More than one
appraiser may appraise the property, provided
that each complies with the requirements, in-
cluding signing the qualified appraisal and Form
8283, Section B, Part III.
Excluded individuals. The following per-
sons cannot be qualified appraisers with respect
to particular property.
1. The donor of the property, or the taxpayer
who claims the deduction.
2. The donee of the property.
3. A party to the transaction in which the do-
nor acquired the property being appraised,
unless the property is donated within 2
months of the date of acquisition and its
appraised value is not more than its acqui-
sition price. This applies to the person who
sold, exchanged, or gave the property to
the donor, or any person who acted as an
agent for the transferor or donor in the
transaction.
4. Any person employed by any of the above
persons. For example, if the donor ac-
quired a painting from an art dealer,
nor the dealer nor persons employed
by the dealer can be qualified appraiser
for that painting.
5. Any person related under section 267(b)
of the Internal Revenue Code to any of
the above persons or married to a person re-
lated under section 267(b) to any of the
above persons.
6. An appraiser who appraises regularly for a
person in (1), (2), or (3), and who does not
perform a majority of his or her appraisals
made during his or her tax year for other
persons.
In addition, a person is not a qualified ap-
raiser for a particular donation if the donor had
knowledge of facts that would cause a reasona-
ble person to expect the appraiser to falsely
state the value of the donated property. For
example, if the donor and the appraiser make an
agreement concerning the amount at which the
property will be valued, and the donor knows
that amount is more than the FMV of the prop-
erty, the appraiser is not a qualified appraiser for
the donation.
Appraiser penalties. An appraiser who
prepares an incorrect appraisal may have to pay a
penalty if:
1. The appraiser knows or should have
known the appraisal would be used in con-
nection with a return or claim for refund, and
2. The appraisal results in the 20% or 40% penal-
ty for a valuation misstatement de-
scribed later under Penalty.
The penalty imposed on the appraiser is the
smaller of:
1. The greater of:
   a. 10% of the underpayment due to the
      misstatement, or
   b. $1,000, or
2. 125% of the gross income received for the
   appraisal.
In addition, any appraiser who falsely or
fraudulently overstates the value of property de-
scribed in a qualified appraisal of a Form 8283
that the appraiser has signed may be subject to a
civil penalty for aiding and abetting as under-
statement of tax liability, and may have his or
her appraisal disregarded.
Form 8283
Generally, if the claimed deduction for an item of
donated property is more than $5,000, you must
attach Form 8283 to your tax return and com-
plete Section B.
If you do not attach Form 8283 to your return
and complete Section B, the deduction will not
be allowed unless your failure was due to rea-
sonable cause, and not willful neglect, or was
due to a good faith omission. If the IRS requests
that you submit the form because you did not
attach it to your return, you must comply within
90 days of the request or the deduction will be
disallowed.
You must attach a separate Form 8283 for
each item of contributed property that is not part
of a group of similar items. If you contribute
similar items of property to the same donee
organization, you need attach only one Form
8283 for those items. If you contribute similar
items of property to more than one donee orga-
nization, you must attach a separate form for
each donee.
Internal Revenue Service Review of Appraisals
In reviewing an income tax return, the Service
may accept the claimed value of the donated prop-
erty, based on information or appraisals sent
with the return, or may make its own deter-
mation of FMV. In either case, the Service may:
• Contact the taxpayer to get more informa-
tion.
• Refer the valuation problem to a Service
appraiser or valuation specialist,
• Refer the issue to the Commissioner’s Art
Advisory Panel (a group of dealers and
museum directors who review and recom-
 mend acceptance or adjustment of taxpay-
ers' claimed values for major paintings,
sculptures, decorative arts, and antiques),
or
• Contract with an independent dealer,
 scholar, or appraiser to appraise the prop-
 erty when the objects require appraisers of
highly specialized experience and knowl-
edge.
Responsibility of the Service. The Service
is responsible for reviewing appraisals, but it is not
responsible for making them. Supporting the
FMV listed on your return is your responsibility.

The Service does not accept appraisals with-
out question. Nor does the Service recognize
any particular appraiser or organization of ap-
praisers.

Timing of Service action. The Service gener-
ally does not approve valuations or appraisals
before the actual filing of the tax return to which
the appraisal applies. In addition, the Service
generally does not issue advance rulings ap-
proving or disapproving such appraisals.

Exception. For a request submitted as de-
scribed earlier under Art valued at $50,000 or
more, the Service will issue a Statement of Value
that can be relied on by the donor of the item of art.

Penalty
You may be liable for a penalty if you overstate
the value or adjusted basis of donated property.

20% penalty. The penalty is 20% of the un-
derpayment of tax related to the overstatement
if:
• The value or adjusted basis claimed on
the return is 200% (150% for returns filed
after August 17, 2006) or more of the cor-
rect amount, and
• You underpaid your tax by more than
$5,000 because of the overstatement.

40% penalty. The penalty is 40%, rather than
20%, if:
• The value or adjusted basis claimed on
the return is 400% (200% for returns filed
after August 17, 2006) or more of the cor-
rect amount, and
• You underpaid your tax by more than
$5,000 because of the overstatement.
How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. The Taxpayer Advocate Service is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.

You can contact the Taxpayer Advocate Service by calling toll-free 1-877-777-4778 or TTY/TDD 1-800-829-4059 to see if you are eligible for assistance. You can also call or write to your local taxpayer advocate, whose phone number and address are listed in your local telephone directory and in Publication 1546, The Taxpayer Advocate Service of the IRS - How To Get Help With Unresolved Tax Problems. You can file Form 911, Application for Taxpayer Assistance Order, or ask an IRS employee to complete it on your behalf. For more information, go to www.irs.gov/advocate.

Low income tax clinics (LITCs). LITCs are independent organizations that provide low income taxpayers with representation in federal tax controversies with the IRS for free or for a nominal charge. The clinics also provide tax education and outreach for taxpayers with limited English proficiency or who speak English as a second language. Publication 4134, Low Income Taxpayer Clinic List, provides information on clinics in your area. It is available at www.irs.gov or at your local IRS office.

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains a list of free tax publications and describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

Internet. You can access the IRS website at www.irs.gov 24 hours a day, 7 days a week to:

- E-file your return. Find out about commercial tax preparation and e-file services available free to eligible taxpayers.
- Check the status of your 2006 refund. Click on Where’s My Refund? Wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your 2006 tax return available because you will need to know your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.

- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using our withholding calculator.
- Sign up to receive local and national tax assistance Centers. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under United States Government, Internal Revenue Service.
- TTY/TDD equipment. If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- TeleTax topics. Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- Download the IRS Refund Information CD, and obtain:
  - A CD that is released twice so you have the latest products. The first release ships in February and the final release ships in March.
  - Current-year forms, instructions, and publications.
  - Prior-year forms, instructions, and publications.
  - Bonus: Historical Tax Products DVD - Ships with the final release.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.

Buy the CD from National Technical Information Service (NTIS) at www.irs.gov/orders for

Phone. Many services are available by phone.

- Ordering forms, instructions, and publications. Call 1-800-829-3676 to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- Asking tax questions. Call the IRS with your tax questions at 1-800-829-1040.
- Solving problems. You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under United States Government, Internal Revenue Service.
- TTY/TDD equipment. If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- TeleTax topics. Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- Refund information. To check the status of your 2006 refund, call 1-800-829-4477 and press 1 for automated refund information or call 1-800-829-1954. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your 2006 tax return available because you will need to know your social security number, your filing status, and the exact whole dollar amount of your refund.

Evaluating the quality of our telephone services. To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Walk-in. Many products and services are available on a walk-in basis.

- Products. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- Services. You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you’re more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary, but if you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to www.irs.gov/localcontacts or look in the phone book under United States Government, Internal Revenue Service.

Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 business days after your request is received.

National Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903

CD for tax products. You can order Publication 1796, IRS Tax Products CD, and obtain:

- A CD that is released twice so you have the latest products. The first release ships in February and the final release ships in March.
- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Bonus: Historical Tax Products DVD - Ships with the final release.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.

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$25 (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD for $25 (plus a $5 handling fee). Price is subject to change.

**CD for small businesses.** Publication 3207, The Small Business Resource Guide CD for 2006, is a must for every small business owner or any taxpayer about to start a business. This year's CD includes:

- Helpful information, such as how to prepare a business plan, find financing for your business, and much more.
- All the business tax forms, instructions, and publications needed to successfully manage a business.
- Tax law changes for 2006.
- Tax Map: an electronic research tool and finding aid.
- Web links to various government agencies, business associations, and IRS organizations.
- “Rate the Product” survey—your opportunity to suggest changes for future editions.
- A site map of the CD to help you navigate the pages of the CD with ease.
- An interactive “Teens in Biz” module that gives practical tips for teens about starting their own business, creating a business plan, and filing taxes.

An updated version of this CD is available each year in early April. You can get a free copy by calling 1-800-829-3676 or by visiting www.irs.gov/smallbiz.
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- Cómo Preparar la Declaración de Impuesto Federal (594SP) |
- Informe de Pagos en Efectivo en Exceso de $10,000 (Recibidos en un Operación o Negocio) (1544SP)