



# Charitable Contributions (IRS Form 8283)

**Non-Cash Charitable Contribution Appraisals | Accredited Business Appraisals by Intelék**

When you donate significant non-cash property to charity and claim a tax deduction, the IRS requires a defensible determination of Fair Market Value. Intelék's accredited appraisers deliver IRS-compliant, qualified appraisals built specifically to substantiate your deductions, protect your filing, and minimise the risk of audit or penalties.

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# Why Valuation Matters for Charitable Contributions

When you donate non-cash property worth more than **\$5,000** to a qualified organisation, the IRS requires you to file **IRS Form 8283** and, in most cases, attach a qualified appraisal. The value you report directly determines your tax deduction, how much scrutiny your return invites, and whether your filing can withstand an IRS audit.

## Overvaluation Risk

Accuracy-related penalties of 20%–40% on underpayments, potential IRS audit, and reputational risk for you and your advisors.

## Undervaluation Risk

You forfeit legitimate tax benefits – leaving real money on the table and failing to fully reward your charitable generosity.

## The Solution

An accredited, independent appraiser with deep IRS compliance expertise is the cornerstone of a successful charitable giving strategy.

IRS FORM 8283

## IRS Form 8283 & the Qualified Appraisal Requirement

IRS Form 8283, *Noncash Charitable Contributions*, is required when a taxpayer donates property (or a group of similar items) to a qualified organisation and the claimed deduction exceeds **\$500**. For donations of non-cash property (excluding publicly traded securities) where the claimed deduction exceeds **\$5,000**, a qualified appraisal must be attached to Form 8283, and the appraiser must sign Part III of the form attesting to their qualifications and the valuation performed.

For donations exceeding **\$500,000**, the full appraisal must be attached to the return. IntelleK's accredited appraisers (holding designations such as **CFA**, **ABV**, **CPA/ABV**) meet and exceed all IRS requirements, providing you with confidence in the defensibility of your valuation and the integrity of your deduction.

# What Constitutes a "Qualified Appraisal"?

## **Prepared by a Qualified Appraiser**

The appraiser must hold a recognised professional designation (e.g., CFA, ABV, ASA), regularly perform appraisals for compensation, and demonstrate verifiable experience in the asset type being valued.

## **Timing Requirements**

The appraisal must be made no earlier than 60 days before the date of contribution and no later than the due date (including extensions) of the tax return on which a deduction is first claimed.

## **No Prohibited Appraisal Fee**

The appraiser's fee must not be based on a percentage of the appraised value – this ensures objectivity and is a strict IRS requirement for a qualified appraisal.

## **Mandatory Content**

Must include a property description, contribution date, appraiser's qualifications and TIN, a statement of income tax purpose, the Fair Market Value, and the specific basis for the valuation conclusion.



## The Fair Market Value Standard for Donated Property

The IRS requires that donated property be valued at its **Fair Market Value (FMV)** at the time of the contribution — defined as the price property would change hands between a willing buyer and a willing seller, neither under compulsion, both with reasonable knowledge of relevant facts.

- ❗ **Key Principle:** FMV is determined by the property's "**highest and best use**" — what a knowledgeable buyer would pay for its most profitable use — even if the donee organisation does not intend to use it that way. The valuation must also reflect the property's condition "as is, where is" at the time of donation.

# Types of Non-Cash Property Requiring Valuation

While publicly traded stocks and bonds are easily valued, many other types of non-cash property frequently donated to charities require a professional valuation for IRS Form 8283. Each asset type demands specific methodologies and expertise to arrive at a defensible Fair Market Value.

- **Closely-Held Stock** – Shares in a privately owned business, often donated by founders or long-term shareholders, requiring a full business valuation.
- **Real Estate** – Undeveloped land, commercial or residential properties, or fractional interests in real estate.
- **Intellectual Property** – Patents, trademarks, copyrights, and other forms of IP.
- **Partnership Interests** – Interests in limited partnerships, LLCs, or other pass-through entities.
- **Conservation Easements** – Donations of development rights to land, restricting future use – highly complex and requiring specialised expertise.



# IRS Scrutiny & Penalties — The 2026 Landscape

The IRS has consistently identified non-cash charitable contributions as an area of **high audit risk**. Valuation misstatements are a particular focus. If the IRS determines that the claimed value of a donation is significantly overstated, accuracy-related penalties apply — in addition to any underpayment of tax and interest. For **conservation easements**, IRS scrutiny and the penalty regime are particularly aggressive.

- Substantial Valuation Misstatement (claimed value  $\geq$ 150% of correct) — **20% penalty**
- Gross Valuation Misstatement (claimed value  $\geq$ 200% of correct) — **40% penalty**
- Burden of proof rests entirely on the taxpayer to substantiate donated value
- A timely, comprehensive qualified appraisal is your primary defence

**\$5,000**

**Appraisal Threshold**

Qualified appraisal required  
above this deduction amount

**40%**

**Max Penalty Rate**

Gross valuation misstatement  
penalty

**20%**

**Base Penalty Rate**

Substantial valuation  
misstatement penalty

# Valuation Methodologies for Charitable Contributions

InteleK applies a combination of recognised valuation approaches, selecting the most appropriate methods based on the nature of the donated property. Our reports clearly articulate the chosen methodologies, the inputs used, and the rationale behind the concluded Fair Market Value.

## Market Approach

Comparable sales for real estate, art, and tangible assets. Guideline public company and M&A transaction methods for closely-held stock – deriving valuation multiples from similar businesses.

## Income Approach

Discounted Cash Flow (DCF) for income-producing properties and businesses. Relief from Royalty method for intellectual property – estimating value based on royalty savings from ownership versus licensing.

## Asset Approach

Adjusted Net Asset Method for holding companies, real estate entities, or businesses where liquidation value is most relevant – adjusting assets and liabilities to their fair market values.

# Key Valuation Considerations for Charitable Contributions

**1** **Fair Market Value Standard**  
FMV anchored to the exact date of contribution, determined by the property's highest and best use and reflecting its "as is, where is" condition – consistent with IRS Revenue Rulings and case law.

**2** **Qualified Appraisal Requirements**  
Report prepared by a credentialed, independent appraiser (CFA, ABV, CPA/ABV) using recognised valuation approaches, with full methodology disclosure and certification language required under IRC §170.

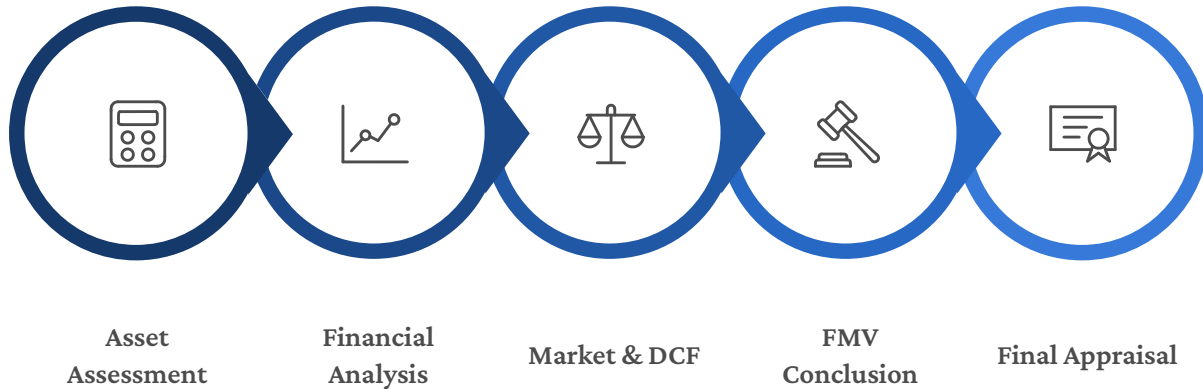
**3** **Market Evidence & Comparables**  
The IRS places high emphasis on observable market data. For unique or closely-held assets, a robust analysis of comparable transactions, market conditions, and specific asset characteristics is essential.

**4** **Donor's Basis Considerations**  
The donor's basis in the property affects the deductible amount – particularly for ordinary income property or capital gain property held less than one year. Critical for tax planning alongside the appraisal.

**5** **Conservation Easement Complexity**  
Valued using the "before and after" method – FMV of the property before the easement minus FMV after, reflecting the donated development rights. Highly specialised and subject to intense IRS scrutiny.

# InteleK's Charitable Contribution Valuation Approach

Our accredited appraisers bring deep IRS compliance experience to every charitable contribution engagement. Every report is built to withstand IRS examination – from methodology transparency to full Form 8283 documentation.



Our proven approach first establishes the Fair Market Value of the donated asset, then carefully documents the methodology, inputs, and rationale required for a fully IRS-compliant qualified appraisal and Form 8283 submission.



# What Sets IntelleK's Process Apart



## IRS Compliant & Audit-Ready

Our reports strictly adhere to IRS regulations for qualified appraisals and are structured to provide the clear, transparent documentation auditors require for Form 8283 – including full scope explanation, methodology transparency, and certification language.



## Independent & Objective

We serve solely as the independent appraiser, ensuring our conclusions are objective and free from conflicts of interest – a critical requirement for IRS acceptance and the integrity of your charitable deduction.



## Expertise Across Asset Classes

Whether you are donating closely-held stock, complex real estate interests, conservation easements, or unique intellectual property, our team has specialised experience in valuing a diverse range of non-cash assets.



## Clear & Defensible Methodology

We clearly articulate our chosen valuation methodologies, the inputs and assumptions used, and the rationale for our concluded Fair Market Value – providing a robust defence against potential IRS challenges.



# Collaboration With Your Advisory Team

InteleK doesn't work in isolation – we work **alongside your advisory team** to ensure the valuation integrates seamlessly into your broader tax and estate planning strategies, ensuring consistency and compliance.

## → Tax Attorneys

We coordinate with legal counsel to ensure the valuation supports the structure of the charitable gift, trust arrangements, and any related transfer documentation.

## → CPAs & Tax Advisors

Our reports are structured to integrate directly with Form 8283 filings – reducing friction for the tax preparer and improving the defensibility of your charitable deduction.

## → Wealth Advisors & Fiduciaries

We provide the independent, accredited valuation opinion that family offices, financial planners, and charitable giving advisors require to substantiate non-cash contributions and optimise giving strategies.

# Charitable Contributions (IRS Form 8283): Key FAQs

Expert insights into valuing non-cash donations, IRS Form 8283 requirements, qualified appraisals, and avoiding penalties in 2026.

## When is a qualified appraisal required for a charitable contribution?

A qualified appraisal is generally required for donations of non-cash property (excluding publicly traded securities) where the claimed deduction is more than \$5,000. For conservation easements, it is always recommended regardless of value.

## What is "Fair Market Value" for donated property?

FMV is the price that property would change hands between a willing buyer and a willing seller, neither under compulsion, both with reasonable knowledge of relevant facts – valued at the time of contribution at its highest and best use.

## What are the penalties for overstating a charitable contribution?

A "substantial valuation misstatement" (claimed value  $\geq$  150% of the correct value) incurs a 20% penalty. A "gross valuation misstatement" ( $\geq$  200%) incurs a 40% penalty – in addition to any underpayment of tax and interest.

## Does the donee organisation need to sign IRS Form 8283?

Yes. For non-cash contributions requiring a qualified appraisal (generally over \$5,000), a representative of the donee organisation must sign Part IV of Form 8283 acknowledging receipt. This does not mean the organisation agrees with the appraised value.

## Can I deduct the full market value of donated closely-held stock?

Generally yes, if the stock would have resulted in a long-term capital gain if sold. If it would have resulted in ordinary income (e.g., held less than one year), your deduction is limited to your basis. A qualified appraisal is required for stock valued over \$5,000.

## How does a conservation easement valuation work?

Conservation easements are valued using the "before and after" method: the FMV of the property before the easement minus the FMV after (reflecting the restrictions). This difference represents the value of the donated development rights.

## What if the charity sells the donated property within three years?

If a charity sells donated property for which Form 8283 was filed within three years of the donation, it must file Form 8282 with the IRS and send a copy to the donor. This can sometimes affect the donor's original deduction if the sale price differs significantly from the appraised value.

## How is intellectual property valued for a charitable donation?

IP valuations (patents, trademarks, copyrights) typically use the Income Approach – Relief from Royalty or DCF – estimating economic benefits and discounting to present value, while considering legal protection, remaining useful life, and market demand.

ABOUT US

# About IntelleK

## Business Valuations For Today.... & Tomorrow

Business Valuations are an "opinion of value" so finding the right professional valuer is key, an opinion with trust. Business Valuations need the combination of science (technology) and art (knowledge & experience).

IntelleK embraces the two worlds to deliver the most robust and efficient service to its clients, adapting to the ever changing environment of businesses and how to value them.

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OUR PURPOSE

## Transferring Business Valuation Knowledge to Business Owners

Most business owners don't know the value of the business, let alone where the value comes from, how to influence / increase it, or where the risk exposure is, which limits its potential.

[Contact Us](#)

