

How to Avoid Charitable Contribution Headaches

an 8283 Checklist for Museums

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*Do you know what to do when a
prospective donor
contacts your museum and asks
for help with the process?*

This checklist is a helpful outline but should not be construed as legal advice. Please be careful to recommend that a prospective donor contact his or her attorney or CPA. Additional sources of information are listed at the end of this checklist.

WHAT MUST A DONOR DO?

1. Physically transfer the contributed object to the museum.
2. If the Fair Market Value is more than \$5,000, obtain an appraisal from a qualified appraiser, who must sign the IRS Form 8283.
3. Submit completed IRS Form 8283 with the donor's tax return. If the donation is over \$20,000 the appraisal must also be submitted with the tax return.



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Form **8283**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Name(s) shown on your income tax return

Noncash Charitable Contribution
▶ Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property. Information about Form 8283 and its separate instructions is at [www.irs.gov/pub/irs-pdf/i8283.pdf](#).

WHAT MUST THE MUSEUM DO?

1. On IRS Form 8283, acknowledge receipt of the contribution.
2. Answer the question on IRS Form 8283 about how the contributed property will be used:
Does the organization intend to use the property for an unrelated use?
3. Return the signed IRS Form 8283 to the donor.
4. If a donated object is sold within 3 years of the gift, file IRS Form 8282.

Malaro¹ notes, refer to professional appraisal organizations like the American Society of Appraisers (ASA) who list their accredited members on searchable databases.

Appraisers submit to a rigorous process before earning the accredited senior appraiser (ASA) credential from the American Society of Appraisers. ASA appraisers are tested in their specialty discipline, and a board of examiners review and assess their reports for approval. In addition, it is required to prove five years experience as an appraiser before the ASA designation is awarded.

WHAT MUST THE APPRAISER DO?

1. Prepare an Appraisal Report with a Fair Market Value as of the date of contribution.
2. Sign the IRS Form 8283.
3. Return the signed IRS Form 8283 to the donor.

> Thus, a decision to hire an ASA appraiser means retaining a qualified valuation professional who has at least five years' experience and knows how to help donors and museums avoid charitable contribution headaches.

WHO DOES WHAT WHEN?

The IRS Instructions for Form 8283 prohibit a donor from relying upon an old appraisal.

1. If the donor wishes to know the Fair Market Value before deciding whether or not to make a contribution, the donor may hire an appraiser anytime.
2. However, another appraisal will be required if the first one is made more than 60 days before the actual date of contribution.
3. Since values go up and down in an ever-changing market, the appraiser must research the market as of the date of contribution.
4. The appraisal report document must be completed before the donor files his or her tax return. Thus the report itself does not have to be completed by December 31st of the year in which the contribution is given.

FURTHER INFORMATION

- United States Department of the Treasury Internal Revenue Service. (2014, December). *IRS Instructions for Form 8283*. Retrieved from <https://www.irs.gov/pub/irs-pdf/i8283.pdf>
- Bresler, J., Lerner, R. (2012, November 16). *Art Law: The Guide for Collectors, Investors, Dealers & Artists: 2* (Kindle Locations 1647-1648). Practising Law Institute (PLI). Kindle Edition.
- Malaro, M., DeAngelis, I. (2012, May 8). *A Legal Primer on Managing Museum Collections, Third Edition* (Kindle Location 11477). Smithsonian. Kindle Edition.
- McCarthy, L., McKune, A., Parker Miller, B., Smith Theobald, S., Vreeland, R. (2011). *To give and to receive: a handbook on gifts and donations for museums and donors*. Washington, DC: AMS Press, American Association of Museums. ■

FINDING A QUALIFIED APPRAISER

Donors often ask museums to recommend an appraiser, but that is problematic for the museum. Rather than give one name, some museums give the names of several. Others, as

¹ Malaro, M., DeAngelis, I. (2012, May 8). *A Legal Primer on Managing Museum Collections, Third Edition* (Kindle Location 11477). Smithsonian. Kindle Edition.