



11107 Sunset Hills Road, Suite 310  
Reston, VA 20190  
(703) 478-2228 • Fax (703) 742-8471  
www.appraisers.org

## Summary of Final IRS Rule Regarding Noncash Charitable Contributions, Substantiation, and Appraisals

- Appraisers who perform noncash charitable contribution appraisal assignments must have their employer identification number (EIN) or Social Security number on the appraisal report. To protect privacy, appraisers should use an EIN number. (Apply for an EIN through [this IRS website](#).)
- Appraisers should make clients aware that the rules and requirements for making charitable contributions are different than those for filing estates or making gifts (even if in connection with a federal tax filing). Likewise, there are different requirements for appraisals that substantiate deductions based on those noncash charitable contributions.
- Every appraisal performed in connection with a noncash charitable contribution must include the following disclosure: “I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c).”
- If more than one appraiser helps complete an assignment, each appraiser must comply with the requirements for performing a noncash charitable contribution appraisal, and each must sign the appraisal, the certification in the appraisal, the appraisal summary (if there is one), and the accompanying 8283 form.
- Where the claimed deduction is more than \$500,000, a copy of the appraisal must be attached to the donor’s tax return. (For Personal property donations, such as artwork, collectibles and antiques, appraisals must be attached to the donor’s tax return for contributed items or collections of like items with a Fair Market Value of \$20,000 or more, per previous regulations.)
- As of January 1, 2019 (and in effect for 2018 tax filings), appraisals prepared for a noncash charitable contribution must be “qualified appraisals”, and must be performed by a “qualified appraiser”:
  - A qualified appraisal is an appraisal, performed by a qualified appraiser, and in conformance with the “substance and principles of USPAP.”
    - Note that ASA members MUST comply with USPAP in its entirety.
  - A qualified appraisal, generally, cannot have been completed more than 60 days before the date the contribution is to be made, and no later than the date on which the donor’s tax return is due.

- Where the appraisal is performed after the contribution is made, the valuation effective date cannot be later than the date on which the contribution was made, and cannot be more than 60 days before the contribution is to be made.
- An appraisal is not qualified if the client/donor “failed to disclose or misrepresented facts” that would cause the appraiser to misstate the value of the contribution.
- To be a “qualified appraiser,” the individual must either have a designation from a professional appraisal organization, or must have completed professional or college-level coursework in valuing the type of property to be donated and have two or more years’ experience valuing that type of property.
- An appraiser CANNOT accept a fee based in any way on the appraised value of the property to be donated.
- An appraiser who was a party to the transaction when the donor acquired the donated item generally cannot act as a qualified appraiser. The exception is for an appraiser involved in the acquisition, if the donation occurred no more than two months after acquisition, and the value conclusion is no more than the acquisition price.
- An individual who has been barred from practicing before the IRS at any point over a three-year period ending on the date signed cannot be a qualified appraiser.



11107 Sunset Hills Road, Suite 310  
Reston, VA 20190  
(703) 478-2228 • Fax (703) 742-8471  
www.appraisers.org

## Relevant Comments and Sections from the IRS Final Rule on Noncash Charitable Contribution Substantiation and Appraisal Requirements

### *IRS Commentary*

#### A. Reasonable Cause Exception

In light of recent case law (see *Crimi v. Commissioner*, T.C. Memo. 2013-51), the paragraph relating to the reasonable cause exception set forth in proposed regulation § 1.170A-16(f)(6) has been deleted from the final regulations because it is inconsistent with the Tax Court's position. In *Crimi*, the IRS argued that there was no qualified appraisal. The Tax Court discussed the doctrine of substantial compliance with respect to the qualified appraisal regulation, but stated that it was unnecessary to decide whether it was applicable to the petitioners' case because they established that the failure was due to reasonable cause. Specifically, the court stated that a reasonable cause inquiry is "inherently a fact-intensive one, and facts and circumstances must be judged on a case-by-case basis." *Id.* at \*99. The court found that petitioners reasonably and in good faith relied on their long-time certified public accountant's advice that their appraisal met all the legal requirements to claim the deduction. Thus, the final regulations do not contain a standard for the reasonable cause exception.

#### B. Appraiser Privacy Concerns

A number of commenters expressed concern over appraisers' privacy if the appraiser's social security number is required on qualified appraisals and Forms 8283 (Section B). This concern was addressed by the proposed regulations. Both the proposed and final regulations require an appraiser to use a taxpayer identification number on an appraisal, but that number does not need to be the appraiser's social security number. An appraiser may use an employer identification number, which may be obtained by: (1) Applying on the IRS website [sic]([www.regulations.gov](http://www.regulations.gov)); or (2) filing a completed Form SS-4, *Application for Employer Identification Number*, by mail or by fax. The IRS has modified the instructions to Form 8283 to make clear that an appraiser may use either a social security number or an employer identification number.

**ASA Commentary:** We would encourage all ASA members who perform noncash charitable contribution appraisals to obtain an EIN for privacy reasons. You may apply online by following this [link](#).

#### D. Form 8283 (Section B) Provided to Donee

Another commenter suggested that the Form 8283 (Section B) should be required to be fully completed, including the appraiser information and the appraised or claimed value of the property, before the donor obtains the donee's signature. Section 1.170A-16(d)(5)(iii) of the proposed regulations provides that specific portions of the Form 8283 (Section B) must be completed before it is signed by the donee, but that the Form 8283 (Section B) does not need to contain certain other information, such as the appraiser information and the appraised or claimed value of the property, before the donee signs the form. Regardless of any benefits that may result from additional information sharing, the public should have the opportunity to comment on any proposed requirement to share additional information with the donee. Accordingly, the final regulations adopt the proposed regulation language without adoption of this suggestion.

#### E. Attaching Appraisal to Carryover Year Returns

One commenter suggested deleting the requirement in the regulations to attach an appraisal to the tax returns for carryover years. Because the need for the IRS to have the appraisal attached to each return reflecting a contribution in excess of \$500,000 outweighs the burden on taxpayers to supply it, the final regulations retain this requirement. Accordingly, if the appraisal is required to be attached to the return for the contribution year, it must also be attached to the returns for the carryover years.

#### A. Transitional Rule

One commenter suggested that a transitional rule be included for § 1.170A-17 because additional time may be needed to meet the education and experience requirements in § 1.170A-17 for qualified appraisers. In order to provide appraisers with a reasonable amount of time to meet the new education and experience requirements, the final rules under § 1.170A-17 apply only to contributions made on or after January 1, 2019.

**ASA Commentary:** This would be a good opportunity to complete your designation prior to the effective date of January 1, 2019 for the education and experience requirements. Designations are the easiest way to prove your education and experience under the final rule.

#### B. Definition of Generally Accepted Appraisal Standards

Section 170(f)(11)(E)(i)(II) provides that the term *qualified appraisal* means an appraisal that is conducted by a qualified appraiser in accordance with generally accepted appraisal standards. Generally accepted appraisal standards are defined in the proposed regulations at § 1.170A-17(a)(2) as the “substance and principles of the Uniform Standards of Professional Appraisal Practice [USPAP], as developed by the Appraisal Standards Board of the Appraisal Foundation.” Several commenters recommended that the final regulations require appraisal documents to be prepared “in accordance with USPAP” and not merely in accordance with the “substance and principles of USPAP.” Other commenters indicated that strict compliance with USPAP would eliminate use of all other appraisal standards, including some that are generally accepted in the appraisal industry. The Treasury Department and the IRS agree that it is beneficial to provide some flexibility by requiring conformity with appraisal standards that are consistent with the substance and principles of USPAP rather than requiring that all appraisals be prepared strictly in accordance with USPAP. Accordingly, the final regulations do not adopt the recommendation to require strict compliance with USPAP and retain the requirement of consistency with the substance and principles of USPAP.

**ASA Commentary:** ASA members must comply with USPAP fully, like any other designated member of an organization who is a sponsor of the Appraisal Foundation. Also be aware that the IRS Advisory Council has urged full adoption of USPAP for all appraisals done in connection with the IRS, not just noncash charitable contributions.

### C. Education and Experience Requirement for Qualified Appraisers

Section 170(f)(11)(E)(ii)(I) and (iii)(I) and § 1.170A-17(b) of the proposed regulations provide that a qualified appraiser is an individual with verifiable education and experience in valuing the type of property for which the appraisal is performed. Some commenters reiterated suggestions made in response to Notice 2006-96 that the final regulations interpret the requirement in section 170(f)(11)(E) that a qualified appraiser have verifiable “education *and* experience” as requiring verifiable “education *or* experience.” The Treasury Department and the IRS did not adopt this suggestion in the proposed regulations, and do not do so in the final regulations, because it would be contrary to the clear language of the statute.

Section 1.170A-17(b)(4) of the proposed regulations requires an appraiser to specify in the appraisal the appraiser's education and experience in valuing the type of property and to make a declaration in the appraisal that, because of the appraiser's education and experience, the appraiser is qualified to make appraisals of the type of property being valued. A commenter suggested that, to meet the “verifiable” requirement in § 1.170A-17(b), the appraiser should be required to specify in the appraisal only that the appraiser is a qualified appraiser under § 1.170A-17(b) and that the appraisal was prepared in accordance with the substance and principles of USPAP. The general statement of qualification suggested by the commenter does not demonstrate, as required under section 170(f)(11)(E)(iii)(I), that the appraiser has verifiable education and experience that qualifies the appraiser to prepare the appraisal for that type of property. Accordingly, the final regulations do not adopt this suggestion.

### D. Parity Between “Designation” and “Education and Experience”

Section 1.170A-17(b)(2)(i) of the proposed regulations provides that an individual is treated as having education and experience in valuing the type of property if, as of the date the individual signs the appraisal, the individual has satisfied the following requirements: (A) Successfully completed professional or college-level coursework in valuing the type of property and has two or more years of experience in valuing the type of property; or (B) earned a recognized appraiser designation for the type of property. One commenter suggested that it is much more difficult to earn a designation from a generally recognized professional appraiser organization under § 1.170A-17(b)(2)(i)(B) than to satisfy the education and experience requirements under § 1.170A-17(b)(2)(i)(A). The commenter suggested that the education and experience requirements be made more stringent. In enacting section 170(f)(11)(E), Congress intended to improve the accuracy of deductions claimed for noncash contributions by requiring qualified appraisers to meet more stringent qualification standards, including by requiring that both education and experience requirements be met. See H.R. Rep. No. 108-548, pt. 1, at 356 (2004). The requirements for education and experience in the proposed regulations are sufficiently stringent as intended by Congress. Accordingly, the final regulations do not adopt this suggestion and retain without modification the requirements for education and experience in the proposed regulations.

**ASA Commentary:** The easiest way to demonstrate education and experience in your certification, and to meet IRS requirements, is through a designation. Otherwise, you will need to provide comprehensive details of your education and experience history every time you perform a noncash charitable contribution appraisal.

### E. Satisfying Verifiable Education Requirement

Section 170(f)(11)(E)(iii)(I) requires verifiable education and experience in valuing the type of property subject to the appraisal. Section 1.170A-17(b)(2)(i)(A) of the proposed regulations provides that an individual is treated as having education and experience in valuing the type of property if, as of the date the individual signs the appraisal, the individual has successfully completed (for example, received a passing grade on a final examination) professional or college-level coursework in valuing the type of property, and has two or more years of experience in valuing the type of property. One commenter asked whether attendance at a training event that does not include a final examination meets the requirement of successful completion of coursework. The reference to a passing grade on a final examination in

§ 1.170A-17(b)(2)(i)(A) is merely an example of what is considered successful completion of professional or college-level coursework, and other evidence of successful completion may be sufficient. However, mere attendance at a training event is not sufficient, and evidence of successful completion of coursework is necessary under the final regulations.

#### F. Education Provided by Trade Organization

Two commenters pointed out that, in addition to generally recognized professional appraiser organizations, a generally recognized professional trade organization may provide coursework that satisfies the requirement for verifiable education in valuing the type of property under § 1.170A-17(b)(2)(i)(A) and (ii)(B). The Treasury Department and the IRS agree with this comment, and the final regulations provide that an appraiser also can satisfy § 1.170A-17(b)(2)(i)(A) and (ii)(B) by successfully completing coursework in valuing the type of property from a generally recognized professional trade organization.

#### G. Examples of Generally Recognized Professional Appraiser Organizations

Some commenters objected to the references in the proposed regulations to designations conferred by one particular organization as examples of recognized appraiser designations. The Treasury Department and the IRS do not require or prefer the designation of any particular appraiser organization, and, therefore, the final regulations do not contain examples of any designations.

#### IV. Additional Comments

A number of commenters requested that the Treasury Department and the IRS provide that the final regulations apply to charitable contributions for all federal tax purposes, including estate and gift tax. These regulations are promulgated under Jobs Act and PPA provisions that apply only to income tax deductions for charitable contributions under section 170. No substantive changes were made to the proposed regulations in response to these comments because these comments were beyond the scope of the proposed regulations.

**ASA Commentary:** This is an important distinction, and one you need to explain to clients in advance of accepting any assignment. Make sure they understand that what will satisfy IRS requirements in a gift or estate situation may not be sufficient for noncash charitable contributions.

Some commenters suggested that appraisers be allowed to use certain IRS valuation tables, such as those for charitable remainder trusts, other remainder interests in property, and life insurance policies, instead of a qualified appraisal. These tables may be used to value property in certain other contexts, but they do not necessarily provide a fair market value of the property contributed. Therefore, these tables are not acceptable substitutes for a qualified appraisal to substantiate deductions for charitable contributions under section 170.

#### *Relevant Sections of the Final Rule to Appraisal Practice*

##### § 1.170A-14. Qualified conservation contributions.

\* \* \* \* \*

(i) *Substantiation requirement.* If a taxpayer makes a qualified conservation contribution and claims a deduction, the taxpayer must maintain written records of the fair market value of the underlying property before and after the donation and the conservation purpose furthered by the donation, and such information shall be stated in the taxpayer's income tax return if required by the return or its instructions. See also § 1.170A-13(c) (relating to substantiation requirements for deductions in excess of \$5,000 for charitable contributions made on or before July 30, 2018); § 1.170A-16(d) (relating to substantiation of charitable contributions of more than \$5,000 made after July 30, 2018); § 1.170A-17 (relating to the definitions of qualified appraisal and qualified appraiser for substantiation of contributions made on or



after January 1, 2019); and section 6662 (relating to the imposition of an accuracy-related penalty on underpayments). Taxpayers may rely on the rules in § 1.170A-16(d) for contributions made after June 3, 2004, or appraisals prepared for returns or submissions filed after August 17, 2006. Taxpayers may rely on the rules in § 1.170A-17 for appraisals prepared for returns or submissions filed after August 17, 2006.

**§ 1.170A-16 Substantiation and reporting requirements for noncash charitable contributions.**

(3) *Completed Form 8283 (Section B)*. A completed Form 8283 (Section B) includes—

- (i) The donor's name and taxpayer identification number (for example, a social security number or employer identification number);
- (ii) The donee's name, address, taxpayer identification number, signature, the date signed by the donee, and the date the donee received the property;
- (iii) The appraiser's name, address, taxpayer identification number, appraiser declaration, as described in paragraph (d)(4) of this section, signature, and the date signed by the appraiser;
- (iv) The following information about the contributed property:
  - (A) The fair market value on the valuation effective date, as defined in § 1.170A-17(a)(5)(i).
  - (B) A description in sufficient detail under the circumstances, taking into account the value of the property, for a person who is not generally familiar with the type of property to ascertain that the described property is the contributed property.
  - (C) In the case of real property or tangible personal property, the condition of the property;
- (v) The manner of acquisition (for example, by purchase, gift, bequest, inheritance, or exchange), and the approximate date of acquisition of the property by the donor, or, if the property was created, produced, or manufactured by or for the donor, the approximate date the property was substantially completed;
- (vi) The cost or other basis of the property, adjusted as provided by section 1016;
- (vii) A statement explaining whether the charitable contribution was made by means of a bargain sale and, if so, the amount of any consideration received for the contribution; and
- (viii) Any other information required by Form 8283 (Section B) or the instructions to Form 8283 (Section B).

(4) *Appraiser declaration*. The appraiser declaration referred to in paragraph (d)(3)(iii) of this section must include the following statement: “I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c).”

(7) *More than one appraiser*. More than one appraiser may appraise the donated property. If more than one appraiser appraises the property, the donor does not have to use each appraiser's appraisal for purposes of substantiating the charitable contribution deduction under this paragraph (d). If the donor uses the appraisal of more than one appraiser, or if two or more appraisers contribute to a single appraisal, each appraiser shall comply with the requirements of this paragraph (d) and the requirements in § 1.170A-17, including signing the qualified appraisal and appraisal summary.

(e) *Substantiation of noncash charitable contributions of more than \$500,000—(1) In general*. Except as provided in paragraph (e)(2) of this section, no deduction is allowed under section 170(a) for a noncash charitable contribution of more than \$500,000 unless the donor—

- (i) Substantiates the contribution with a contemporaneous written acknowledgment, as described in section 170(f)(8) and § 1.170A-13(f);
- (ii) Obtains a qualified appraisal, as defined in § 1.170A-17(a)(1), prepared by a qualified appraiser, as defined in § 1.170A-17(b)(1);
- (iii) Completes, as described in paragraph (d)(3) of this section, Form 8283 (Section B) and files it with the return on which the deduction is claimed; and
- (iv) Attaches the qualified appraisal of the property to the return on which the deduction is claimed.

### § 1.170A-17 Qualified appraisal and qualified appraiser.

(a) *Qualified appraisal*—(1) *Definition*. For purposes of section 170(f)(11) and § 1.170A-16(d)(1)(ii) and (e)(1)(ii), the term *qualified appraisal* means an appraisal document that is prepared by a qualified appraiser (as defined in paragraph (b)(1) of this section) in accordance with generally accepted appraisal standards (as defined in paragraph (a)(2) of this section) and otherwise complies with the requirements of this paragraph (a).

(2) *Generally accepted appraisal standards defined*. For purposes of paragraph (a)(1) of this section, *generally accepted appraisal standards* means the substance and principles of the Uniform Standards of Professional Appraisal Practice, as developed by the Appraisal Standards Board of the Appraisal Foundation.

(3) *Contents of qualified appraisal*. A qualified appraisal must include—

- (i) The following information about the contributed property:
  - (A) A description in sufficient detail under the circumstances, taking into account the value of the property, for a person who is not generally familiar with the type of property to ascertain that the appraised property is the contributed property.
  - (B) In the case of real property or tangible personal property, the condition of the property.
  - (C) The valuation effective date, as defined in paragraph (a)(5)(i) of this section.
  - (D) The fair market value, within the meaning of § 1.170A-1(c)(2), of the contributed property on the valuation effective date;
- (ii) The terms of any agreement or understanding by or on behalf of the donor and donee that relates to the use, sale, or other disposition of the contributed property, including, for example, the terms of any agreement or understanding that—
  - (A) Restricts temporarily or permanently a donee's right to use or dispose of the contributed property;
  - (B) Reserves to, or confers upon, anyone, other than a donee or an organization participating with a donee in cooperative fundraising, any right to the income from the contributed property or to the possession of the property, including the right to vote contributed securities, to acquire the property by purchase or otherwise, or to designate the person having income, possession, or right to acquire; or
  - (C) Earmarks contributed property for a particular use;
- (iii) The date, or expected date, of the contribution to the donee;
- (iv) The following information about the appraiser:
  - (A) Name, address, and taxpayer identification number.
  - (B) Qualifications to value the type of property being valued, including the appraiser's education and experience.
  - (C) If the appraiser is acting in his or her capacity as a partner in a partnership, an employee of any person, whether an individual, corporation, or partnership, or an independent contractor engaged by a person other than the donor, the name, address, and taxpayer identification number of the partnership or the person who employs or engages the qualified appraiser;
- (v) The signature of the appraiser and the date signed by the appraiser (appraisal report date);



- (vi) The following declaration by the appraiser: “I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c)”;
- (vii) A statement that the appraisal was prepared for income tax purposes;
- (viii) The method of valuation used to determine the fair market value, such as the income approach, the market-data approach, or the replacement-cost-less-depreciation approach; and
- (ix) The specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed.
- (4) *Timely appraisal report.* A qualified appraisal must be signed and dated by the qualified appraiser no earlier than 60 days before the date of the contribution and no later than—
- (i) The due date, including extensions, of the return on which the deduction for the contribution is first claimed;
- (ii) In the case of a donor that is a partnership or S corporation, the due date, including extensions, of the return on which the deduction for the contribution is first reported; or
- (iii) In the case of a deduction first claimed on an amended return, the date on which the amended return is filed.
- (5) *Valuation effective date—(i) Definition.* The *valuation effective date* is the date to which the value opinion applies.
- (ii) *Timely valuation effective date.* For an appraisal report dated before the date of the contribution, as described in § 1.170A-1(b), the valuation effective date must be no earlier than 60 days before the date of the contribution and no later than the date of the contribution. For an appraisal report dated on or after the date of the contribution, the valuation effective date must be the date of the contribution.
- (6) *Exclusion for donor knowledge of falsity.* An appraisal is not a qualified appraisal for a particular contribution, even if the requirements of this paragraph (a) are met, if the donor either failed to disclose or misrepresented facts, and a reasonable person would expect that this failure or misrepresentation would cause the appraiser to misstate the value of the contributed property.
- (7) *Number of appraisals required.* A donor must obtain a separate qualified appraisal for each item of property for which an appraisal is required under section 170(f)(11)(C) and (D) and paragraph (d) or (e) of § 1.170A-16 and that is not included in a group of similar items of property, as defined in § 1.170A-13(c)(7)(iii). For rules regarding the number of appraisals required if similar items of property are contributed, see section 170(f)(11)(F) and § 1.170A-13(c)(3)(iv)(A).
- (8) *Time of receipt of qualified appraisal.* The qualified appraisal must be received by the donor before the due date, including extensions, of the return on which a deduction is first claimed, or reported in the case of a donor that is a partnership or S corporation, under section 170 with respect to the donated property, or, in the case of a deduction first claimed, or reported, on an amended return, the date on which the return is filed.
- (9) *Prohibited appraisal fees.* The fee for a qualified appraisal cannot be based to any extent on the appraised value of the property. For example, a fee for an appraisal will be treated as based on the appraised value of the property if any part of the fee depends on the amount of the appraised value that is allowed by the Internal Revenue Service after an examination.
- (10) *Retention of qualified appraisal.* The donor must retain the qualified appraisal for so long as it may be relevant in the administration of any internal revenue law.
- (11) *Effect of appraisal disregarded pursuant to 31 U.S.C. 330(c).* If an appraiser has been prohibited from practicing before the Internal Revenue Service by the Secretary under 31 U.S.C. 330(c) at any time during the three-year period ending on the date the appraisal is signed by the appraiser, any appraisal

prepared by the appraiser will be disregarded as to value, but could constitute a qualified appraisal if the requirements of this section are otherwise satisfied, and the donor had no knowledge that the signature, date, or declaration was false when the appraisal and Form 8283 (Section B) were signed by the appraiser.

(12) *Partial interest*. If the contributed property is a partial interest, the appraisal must be of the partial interest.

(b) *Qualified appraiser*—(1) *Definition*. For purposes of section 170(f)(11) and § 1.170A-16(d)(1)(ii) and (e)(1)(ii), the term *qualified appraiser* means an individual with verifiable education and experience in valuing the type of property for which the appraisal is performed, as described in paragraphs (b)(2) through (4) of this section.

(2) *Education and experience in valuing the type of property*—(i) *In general*. An individual is treated as having education and experience in valuing the type of property within the meaning of paragraph (b)(1) of this section if, as of the date the individual signs the appraisal, the individual has—

(A) Successfully completed (for example, received a passing grade on a final examination) professional or college-level coursework, as described in paragraph (b)(2)(ii) of this section, in valuing the type of property, as described in paragraph (b)(3) of this section, and has two or more years of experience in valuing the type of property, as described in paragraph (b)(3) of this section; or

(B) Earned a recognized appraiser designation, as described in paragraph (b)(2)(iii) of this section, for the type of property, as described in paragraph (b)(3) of this section.

(ii) *Coursework must be obtained from an educational organization, generally recognized professional trade or appraiser organization, or employer educational program*. For purposes of paragraph (b)(2)(i)(A) of this section, the coursework must be obtained from—

(A) A professional or college-level educational organization described in section 170(b)(1)(A)(ii);

(B) A generally recognized professional trade or appraiser organization that regularly offers educational programs in valuing the type of property; or

(C) An employer as part of an employee apprenticeship or educational program substantially similar to the educational programs described in paragraphs (b)(2)(ii)(A) and (B) of this section.

(iii) *Recognized appraiser designation defined*. A *recognized appraiser designation* means a designation awarded by a generally recognized professional appraiser organization on the basis of demonstrated competency.

(3) *Type of property defined*—(i) *In general*. The type of property means the category of property customary in the appraisal field for an appraiser to value.

(ii) *Examples*. The following examples illustrate the rule of paragraphs (b)(2)(i) and (b)(3)(i) of this section:

**Example (1).**

*Coursework in valuing type of property*. There are very few professional-level courses offered in widget appraising, and it is customary in the appraisal field for personal property appraisers to appraise widgets. Appraiser A has successfully completed professional-level coursework in valuing personal property generally but has completed no coursework in valuing widgets. The coursework completed by Appraiser A is for the type of property under paragraphs (b)(2)(i) and (b)(3)(i) of this section.

**Example (2).**

*Experience in valuing type of property*. It is customary for professional antique appraisers to appraise antique widgets. Appraiser B has 2 years of experience in valuing antiques generally and is asked to appraise an antique widget. Appraiser B has obtained experience in valuing the type of property under paragraphs (b)(2)(i) and (b)(3)(i) of this section.

**Example (3).**

*No experience in valuing type of property*. It is not customary for professional antique appraisers to appraise new widgets. Appraiser C has experience in appraising antiques generally but no experience in appraising new widgets. Appraiser C is asked to appraise a new widget. Appraiser C does not have experience in valuing the type of property under paragraphs (b)(2)(i) and (b)(3)(i) of this section.

(4) *Verifiable*. For purposes of paragraph (b)(1) of this section, education and experience in valuing the type of property are verifiable if the appraiser specifies in the appraisal the appraiser's education and experience in valuing the type of property, as described in paragraphs (b)(2) and (3) of this section, and the appraiser makes a declaration in the appraisal that, because of the appraiser's education and experience, the appraiser is qualified to make appraisals of the type of property being valued.

(5) *Individuals who are not qualified appraisers*. The following individuals are not qualified appraisers for the appraised property:

- (i) An individual who receives a fee prohibited by paragraph (a)(9) of this section for the appraisal of the appraised property.
- (ii) The donor of the property.
- (iii) A party to the transaction in which the donor acquired the property (for example, the individual who sold, exchanged, or gave the property to the donor, or any individual who acted as an agent for the transferor or for the donor for the sale, exchange, or gift), unless the property is contributed within 2 months of the date of acquisition and its appraised value does not exceed its acquisition price.
- (iv) The donee of the property.
- (v) Any individual who is either—
  - (A) Related, within the meaning of section 267(b), to, or an employee of, an individual described in paragraph (b)(5)(ii), (iii), or (iv) of this section;
  - (B) Married to an individual described in paragraph (b)(5)(v)(A) of this section; or
  - (C) An independent contractor who is regularly used as an appraiser by any of the individuals described in paragraph (b)(5)(ii), (iii), or (iv) of this section, and who does not perform a majority of his or her appraisals for others during the taxable year.
- (vi) An individual who is prohibited from practicing before the Internal Revenue Service by the Secretary under 31 U.S.C. 330(c) at any time during the three-year period ending on the date the appraisal is signed by the individual.

(c) *Effective/applicability date*. This section applies to contributions made on or after January 1, 2019. Taxpayers may rely on the rules of this section for appraisals prepared for returns or submissions filed after August 17, 2006.