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## *Save Taxes with Donations of Non-Appreciated Assets*

Most charitable giving techniques focus on your appreciated assets. For example, you can donate highly appreciated stock to a charitable remainder trust and obtaining a comfortable income stream in the form of an annuity while receiving a charitable income tax deduction, and eventually making a charitable contribution to the charity. This makes sense when the full market value of securities and tangible personal property forms the basis for the tax deduction.

There are instances, however, when the tax deduction for donating tangible personal property may be limited to the donor's cost. In such a case, the appreciated value of the property – the difference between what you paid for it and what it is worth now – will not generate any tax deduction. For example, if you own a work of art, and it has gone up in value but you donate it to a charity that immediately sells it, you cannot include the appreciated value of the art in the value on which you base your tax deduction.

If a piece of property is still valuable, but perhaps not quite as valuable as its cost, then the donor is still entitled to a deduction based on the full fair market value. For example, if you purchased a necklace, bracelet, or ring some time ago, and were to sell it on the open market a year or two after you bought it, you would likely fetch far less than it cost. However, its insured and replacement value is likely to be about what you paid for it. If you have the jewelry appraised by a qualified appraiser for its replacement value, then that value may become the basis for a tax deduction if you give the jewelry to a charity.

Non-cash assets represent over 90% of wealth in America today. If donation of your non-appreciated, non-cash assets fits in with your goals and values, speak with your legal and tax advisors about how to make the most of your charitable intentions.

*The following disclosure is required pursuant to IRS Circular 230, which sets forth best practices for tax advisors. Any tax advice contained in the above communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax penalties or promoting, marketing or recommending to another party any transaction or matter addressed in this communication. If you would like a written opinion on the one or more Federal tax issues addressed above upon which you may rely for the purpose of avoiding penalties please contact us.*