Publication 561

(Rev. February 2024)

Determining the Value of Donated Property

Volume 2 of 2

Get forms and other information faster and easier at:

- *IRS.gov* (English)
- *IRS.gov/Korean* (한국어)
- *IRS.gov/Spanish* (Español)
- *IRS.gov/Russian* (Русский)
- *IRS.gov/Chinese* (中文)
- *IRS.gov/Vietnamese* (Tiếng Việt)

IRS

Publication 561 (Rev 02 2024) Catalog Number 39344F
Department of the Treasury **Internal Revenue Service** www.irs.gov

Visit the Accessibility Page on IRS.gov

This page is intentionally left blank

A registered historic district is any district listed in the National Register of Historic Places. A state or local historic district may also qualify as a registered historic district if the district and the enabling statutes are certified by the Secretary of the Interior. You can claim a deduction for a qualified conservation contribution of a National Register building. This contribution can take the form of a qualified real property interest that is an easement or other restriction on all or part of the exterior or interior of the building.

You can claim a deduction for a qualified conservation contribution of a historically significant building. This can take the form of a contribution of a qualified real property interest that is an easement or other restriction on all or part of the interior of the building. However, you cannot claim a deduction for a contribution of a qualified real property interest that is an easement or other restriction on the exterior of a building unless the easement or other restriction meets each of the following three conditions.

1. The restriction must preserve the entire exterior of the building and must prohibit any change to the exterior of the building (including its front , sides, rear, and height) that is inconsistent with its historical character.

2. You and the organization receiving the contribution must enter into a written agreement certifying, under penalty of perjury, that the organization:

    a. Is a qualified organization with a purpose of environmental protection, land conservation, open space preservation, or historic preservation; and

b. Has the resources to manage and enforce the restriction and a commitment to do so.

c.

3. You must include with your return:

   a. Form 8283, completed as specified in the instructions to Form 8283;

   b. A signed qualified appraisal, performed by a qualified appraiser;

   c. Photographs of the building's entire exterior;

   d. A description of all restrictions on development of the building, such as zoning laws and restrictive covenants; and

   e. The National Park Service project number (NPS #), if applicable.

See the *Form 8283 instructions* for more information.

If you claim a deduction of more than $10,000 for an easement or other restriction on the exterior of a historically significant building, your deduction will not be allowed unless you pay a $500 filing fee. See Form 8283-V and its instructions.

If you claimed the rehabilitation credit for a National Register or historically significant building for any of the 5 years before the year of the qualified conservation contribution, your charitable deduction is reduced. For more information, see Form 3468, Investment Credit, and section 170(f)(14).

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; also commonly known as an easement, a restrictive covenant, an equitable servitude, or a perpetual conservation restriction, depending upon terminology applicable where the real property is located. See Regulations section 1.170A-14(b)(2) for further information.

Valuation. A qualified real property interest described in (1) consists of the following.

- Your entire interest in real property with you retaining a qualified mineral interest, or your entire interest in the real property when someone else owns the qualified mineral interest and the probability of surface mining occurring is so remote as to be negligible. A qualified mineral interest gives you the right to access subsurface oil, gas, or other minerals. You determine the FMV of the real property absent the qualified mineral interest in the same manner that you determine the FMV of real estate. See *Real Estate*, earlier.

- A remainder interest in real property. You determine the FMV of a remainder interest in real property as directed earlier under *Remainder Interest in Real Property*.
- A conservation restriction (granted in perpetuity) on the use which may be made of real property.

The value of the charitable contribution of a perpetual conservation restriction (conservation easement) is the FMV of the easement at the time of the contribution. In determining the FMV of a conservation easement, if there is a substantial record of arm's-length sales of conservation easements on other properties that are the same as or very similar to the donated conservation easement, you must take into account the selling price of these easements. If there are no comparable sales, the FMV of the conservation easement is generally determined indirectly as the difference between the FMVs of the property before and after the grant of the conservation easement. The FMV of the property before the grant of the conservation easement must take into account not only the current use of the property but also an objective assessment of how immediate or remote the likelihood is that the property, without the easement, would be developed. In determining whether the property could be developed, you must also consider any zoning, conservation, or historical preservation laws that would already restrict the property's potential highest and best use.

Finally, if a potential highest and best use is being considered that would require a change in zoning or other restrictions on the property, you must address whether it is reasonably probable that such a change would be permitted. Granting a conservation easement may increase, rather than reduce, the value of property, and in such a situation no deduction would be allowed.

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 follows.

FMV of the property before granting easement:

granting easement:		
$2,000 × 10 acres		$20,000
FMV of the property after granting easement:		
$1,500 × 8 acres	$12,000	
$2,000 × 2 acres	4,000	16,000
Value of easement		$4,000

If you later transfer in fee your remaining interest in the 8 acres to another qualified organization, the FMV of your remaining interest is the FMV of the 8 acres reduced by the FMV of the easement granted to the first organization.

Disallowance of deductions for certain conservation contributions by pass-through entities. Subject to three exceptions, if the amount of the pass-through entity's contribution of qualified real property interest exceeds 2.5 times the sum of each member's relevant basis in such pass-through entity, each member of such pass-through entity cannot claim a deduction for the charitable conservation contribution.

For the purpose of this disallowance rule, the pass-through entity must calculate the sum of the relevant basis of all members of the pass-through entity and report it on the Form 8283. Relevant basis is, with respect to any member, the portion of the member's modified basis in its interest in the pass-through entity that is allocable to the portion of the real property with respect to which the qualified conservation contribution is made. Modified basis, with respect to any member, is the adjusted basis in the member's interest in the pass-through entity as determined (I) immediately before the conservation contribution, (II) without regard to the member's share of any liabilities of the pass-through entity, and (III) by the entity after taking into account the adjustments described in subclauses (I) and (II). The pass-through entity must determine such member's modified basis.

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

Substantiation of Noncash Charitable Contributions

What you need to substantiate your deduction depends upon the property being donated and the claimed value of this property. There are three types of documents that may be required in order to substantiate your contribution.

- Contemporaneous Written Acknowledgment (CWA).
- Form 8283.
- An appraisal, which in some cases must be a “qualified appraisal,” completed by a “qualified appraiser.”

CWA. You must get a CWA from the charity to which you contributed property on or before the earlier of the date on which you file a return reporting the donation or the due date (including extensions) for filing such return.

CWA must include the following:

1. The name of the organization;
2. The amount of any monetary contribution;
3. A description (but not the FMV) of any contribution of property;

4. A statement that no goods or services were provided by the organization in return for the contribution, if that was the case;

5. If the organization did provide goods or services in return for the contribution, a description and good faith estimate of the FMV of the goods or services; and

6. If the organization only provided intangible religious benefits (described later in this publication) in return for the contribution, a statement so providing.

See Pub. 1771 for examples of CWAs.

Form 8283. You must file a Form 8283 if the amount of your deduction for each noncash contribution is more than $500, and when you donate certain publicly traded securities for which market quotations are readily available; certain intellectual property, like a patent; a vehicle for which you obtained a CWA meeting the requirements of section 170(f)(12)(B) (including a car, boat, or airplane) for which your deduction is limited to the gross proceeds from its sale; and inventory and other similar property described in section 1221(a)(1). You must also file a Form 8283 if you have a group of similar items for which a total deduction of over $500 is claimed. See *Form 8283* below.

Similar items of property are items of the same general category or type, such as coin collections, paintings, books, clothing, jewelry, nonpublicly traded stock, land, or buildings.

Example. You claimed a deduction of $600 for inventory, $7,000 for publicly traded securities (quotations published daily), and $6,000 for a collection of 15 books ($400 each).

Appraisal. Many, but not all, charitable contributions require a qualified appraisal completed by a qualified appraiser. See *Qualified Appraiser* and *Qualified Appraisal*, later.

A qualified appraisal is not required for the donation of:

- Certain publicly traded securities for which market quotations are readily available;
- Certain intellectual property, like a patent;
- A vehicle for which you obtained a CWA meeting the requirements of section 170(f) (12)(B) (including a car, boat, or airplane) for which your deduction is limited to the gross proceeds from its sale;
- Inventory and other similar property described in section 1221(a)(1); and
- Noncash property valued at less than $5,000 unless the property is an item of

clothing or a household item that is not in good used condition for which you are claiming a value of more than $500.

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

Even when a qualified appraisal by a qualified appraiser is not required, you must support the value you claim for the property you contribute to charity. For property like publicly traded securities for which market quotations are readily available, you may not need an appraisal by an appraiser. When you need an appraisal by an appraiser to support the value of your deduction, more weight is given to an appraisal by an appraiser that satisfies most of the requirements of a qualified appraisal by a qualified appraiser.

Cost of appraisals. You may not take a charitable contribution deduction for fees you pay for appraisals of your donated property.

Donation less than $5,000. If you give property worth less than $250 to charity, you should obtain a receipt from the charity. The receipt should include the charity's name and address, and the date you made the gift. If you give property worth between $250 and $5,000, you must obtain a CWA. You must also substantiate the FMV you claim for the property. You may need to file a Form 8283.

Deduction over $500 for certain clothing or household items. You must include with your return a qualified appraisal prepared by a qualified appraiser of any single item of clothing or any household item that is not in good used condition or better, and for which you deduct more than $500. Attach the appraisal and Form 8283. See *Household Items* and *Used Clothing*, earlier. You must also obtain a CWA for this donation.

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, and was made after December 31, 1984, you must:

- Obtain a qualified appraisal signed and dated by a qualified appraiser, and
- Complete and attach 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 Pub. 526. You must also obtain a CWA for this donation.

The phrase “similar items” means property of the same generic category or type (whether or not donated to the same donee), such as stamps, coins, fine art, books, nonpublicly traded stock, nonpublicly traded securities other than nonpublicly traded stock, land, buildings, clothing, jewelry, furniture, household goods, collectibles, or decorative arts. 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.

Publicly traded securities. Publicly traded securities 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.

- The issue is regularly traded during the computation period (defined later) in a market for which there is an “interdealer quotation system” (defined later);
- The issuer or agent computes the “average trading price” (defined later) for the same issue for the computation period;
- The average trading price and total volume of the issue during 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;
- 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

- The issuer or agent permits the IRS to review the books and records described in the above bullet point 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 quotations 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 U.S. 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.

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 obtain a qualified appraisal and/or attach the appraisal to your return, if required, you cannot deduct your contribution, unless your failure to attach the appraisal is due to reasonable cause and not to willful neglect.

Qualified Appraisal

A qualified appraisal is an appraisal document that meets the following requirements.

- Is made, signed, and dated by a qualified appraiser (defined later) in accordance with the substance and principles of the Uniform Standards of Professional Appraisal Practice.
- Meets the relevant requirements of Regulations section 1.170A-17(a) and (b).
- Is signed by the qualified appraiser and dated no earlier than 60 days before the date of the contribution and no later than the due date, including extensions, of the return on which the deduction for the

contribution is first claimed. For an appraisal report dated before the date of the contribution, 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.

- Does not involve a prohibited appraisal fee.

You must receive the qualified appraisal before the due date, including extensions, of the return on which a charitable contribution deduction is first claimed for the donated property. If the deduction is first claimed on an amended return, the qualified appraisal must be received before the date on which the amended return is filed. An appraisal is not a qualified appraisal if you fail to disclose or you misrepresent facts to your appraiser and a reasonable person would expect this failure or misrepresentation to cause the appraiser to misstate the value of the property you contributed.

Form 8283 must be completed and attached to your tax return. Generally, you do not need to attach the qualified appraisal itself, but you should keep a copy as long as it may be relevant under the tax law. There are four exceptions.

- If you claim a deduction of $20,000 or more for donations of art, you should attach a complete copy of the appraisal. See *Art and Collectibles*, earlier.
- If you claim a deduction of more than $500,000 for a donation of property, you must attach the appraisal. See *Deductions of More Than $500,000*, earlier.
- If you claim a deduction of more than $500 for an article of clothing, or a household item, that is not in good used

condition or better, you must attach the appraisal. See *Deduction over $500 for certain clothing or household items*, earlier.

- If you claim a deduction for an easement or other restriction on the exterior of a building in a historic district, you must attach the appraisal. See *Certified historic structures*, earlier.

Prohibited appraisal fee. Generally, no part of the fee arrangement for a qualified appraisal can be based on a percentage of the appraised value of the property. If a fee arrangement is based on what is allowed as a deduction, after IRS examination or otherwise, it is treated as a fee based on a percentage of appraised value.

Information included in qualified appraisal. A qualified appraisal must include the following information.

1. A description of the property in sufficient detail for a person who is not generally familiar with the type of property to determine that the property appraised is the property that was (or will be) contributed.
2. The physical condition of any tangible personal property or real property.
3. The date (or expected date) of contribution (valuation effective date).
4. The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor and donee that relates to the use, sale, or other disposition of the donated property, including, for example, the terms of any agreement or understanding that:

a. Temporarily or permanently restricts a donee's right to use or dispose of the donated property;

b. Earmarks donated property for a particular use; or

c. Reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fundraising) any right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property.

5. The name, address, and taxpayer identification number (TIN) of the qualified appraiser and, if the appraiser is a partner, an employee, 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 appraiser.
6. The qualifications of the qualified appraiser who signs the appraisal to value the type of property being valued, including the appraiser's background, experience, education, and any membership in professional appraisal associations.
7. A statement that the appraisal was prepared for income tax purposes.
8. The declaration required by Regulations section 1.170A-17(3)(iv).

9. The appraised FMV on the date (or expected date) of contribution.
10. The method of valuation used to determine FMV, such as the sales comparison approach, cost approach, or income approach.
11. The specific basis for the valuation, such as any specific comparable sales transaction.
12. The report completion date.

Art objects. The following are examples of information that should be included in a description of donated art objects. Appraisals of art objects—paintings in particular—should include all of the following.

1. A complete description of the object, indicating the:
    a. Dimensions;
    b. Subject matter;

c. Medium and support;

d. Name of the artist (or culture);

e. Approximate date created; and

f. Condition, including a condition report by a professional conservator if condition affects value.

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

3. A history of the item's prior ownership (provenance).

4. The exhibition history of the object.

5. Authenticity documentation. Reasonable due diligence should include catalogue raisonné citations, foundation numbers, and/or letters from a recognized expert, when warranted.

6. A professional quality color image of the item.
7. The facts on which the appraisal was based, such as:
    a. Identification and analysis of the item's value characteristics;
    b. Comparable sales of similar works by the artist which were sold in a time period close to the valuation date;
    c. The economic state of the art market at the time of valuation, particularly with respect to the specific property; and
    d. The standing of the artist in their profession and in the particular artistic 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 with verifiable education and experience in valuing the type of property for which the appraisal is performed.

1. The individual:
   a. Has earned an appraisal designation from a generally recognized professional appraiser organization, for the type of property being valued; or

b. Has met certain minimum education requirements and 2 or more years of experience in valuing the type of property being valued. To meet the minimum education requirement, the individual must have successfully completed professional or college-level coursework obtained from:

   i. A professional or college-level educational organization,

   ii. A professional trade or appraiser organization that regularly offers educational programs in valuing the type of property, or

   iii. An employer as part of an employee apprenticeship or education program similar to professional or college-level courses.

2. The individual regularly prepares appraisals for which they are paid.

3. The individual is not an excluded individual (defined later).

In addition, the appraiser must make a declaration in the appraisal that, because of their background, experience, education, and membership in professional associations, they are qualified to make appraisals of the type of property being valued. The appraiser must complete the Declaration of Appraiser section on Form 8283, Section B. More than one appraiser may appraise the property, provided that each complies with the requirements, including signing the qualified appraisal and the Declaration of Appraiser section on Form 8283, Section B.

Excluded individuals. The following individuals cannot be qualified appraisers for the donated 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 donor 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 acquisition 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 acquired a painting from an art dealer, neither the dealer nor persons

employed by the dealer can be qualified appraisers 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 related 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 their appraisals made during their tax year for other persons.

7. An individual who receives a prohibited appraisal fee for the appraisal of the donated property. See *Prohibited appraisal fee*, earlier.

8. An individual who is prohibited from practicing before the IRS under section 330(c) of title 31 of the United States Code at any time during the 3-year

period ending on the date the appraisal is signed by the individual.

In addition, an individual is not a qualified appraiser for a particular donation if the donor had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate 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 property, 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 the appraiser knows, or reasonably should have known, the appraisal would be used in connection with a return or claim for refund, and the appraisal resulted in:

1. A substantial valuation misstatement,

2. A substantial estate or gift valuation understatement, or

3. A gross valuation misstatement.

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.

No penalty is imposed if the appraiser can establish that the appraisal's value is more likely than not correct.

In addition, any appraiser who falsely or fraudulently overstates the value of property described 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 understatement of tax liability, and may have their 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 complete 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 reasonable cause and not willful neglect, or was due to a good faith omission.

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 organization, you must attach a separate form for each donee.

IRS Review of Appraisals

In reviewing an income tax return, the IRS may accept the claimed value of the donated property, based on information or appraisals sent with the return, or may make its own determination of FMV. In either case, the IRS may:

- Contact the taxpayer to get more information;
- Refer any valuation issues to an IRS appraiser or valuation specialist;
- Refer the issue to Art Appraisal Services (AAS), a department of professional appraisers who consults with the Commissioner's Art Advisory Panel, a group of independent dealers and curators. A referral to AAS is mandatory for fine and decorative art valued at $50,000 or more; or
- Contract with an independent appraiser to appraise the property when the objects

require appraisers of highly specialized experience and knowledge.

Responsibility of the IRS. The IRS is responsible for reviewing appraisals, but it is not responsible for making them. Supporting the FMV listed on your return is your responsibility.

The IRS does not accept appraisals without question. The IRS does not recognize any particular appraiser or organization of appraisers.

Timing of IRS action. The IRS generally does not approve valuations or appraisals before the actual filing of the tax return to which the appraisal applies. In addition, the IRS generally does not issue advance rulings approving or disapproving such appraisals.

Exception. For a request submitted as described earlier under *Art valued at $50,000 or more*, the IRS will issue a Statement of

Value that can be relied on by the donor of the item of art.

The Statement of Value is a fee-based review of the taxpayer's appraisal and claimed value. It does not guarantee a taxpayer's entitlement to a deduction nor does it substitute for the substantiation documents, such as the CWA or Form 8283.

Penalty

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

20% penalty. The penalty is 20% of the underpayment of tax related to the misstatement if:

- The value or adjusted basis claimed on the return is 150% or more of the correct amount, and
- You underpaid your tax by more than $5,000 because of the misstatement.

40% penalty. The penalty is 40%, rather than 20%, if:

- The value or adjusted basis claimed on the return is 200% or more of the correct amount, and
- You underpaid your tax by more than $5,000 because of the misstatement.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to *IRS.gov* to find resources that can help you right away.

Preparing and filing your tax return. After receiving all your wage and earnings statements (Forms W-2, W-2G, 1099-R, 1099-MISC, 1099-NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099-G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Your options for preparing and filing your return online or in your local community, if you qualify, include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using software or Free File Fillable Forms. However, state tax preparation may not be available through Free File. Go to *IRS.gov/FreeFile* to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax

help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who need help preparing their own tax returns. Go to *IRS.gov/VITA*, download the free IRS2Go app, or call 800-906-9887 for information on free tax return preparation.

- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to *IRS.gov/TCE* or download the free IRS2Go app for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military

OneSource. For more information, go to *MilitaryOneSource* (*MilitaryOneSource.mil/MilTax*).

Also, the IRS offers Free Fillable Forms, which can be completed online and then e-filed regardless of income.

Using online tools to help prepare your return. Go to *IRS.gov/Tools* for the following.

- The *Earned Income Tax Credit Assistant* (*IRS.gov/EITCAssistant*) determines if you're eligible for the earned income credit (EIC).
- The *Online EIN Application* (*IRS.gov/EIN*) helps you get an employer identification number (EIN) at no cost.
- The *Tax Withholding Estimator (IRS.gov/W4App*) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax withholding. See

how your withholding affects your refund, take-home pay, or tax due.

- The *First-Time Homebuyer Credit Account Look-up* (*IRS.gov/HomeBuyer*) tool provides information on your repayments and account balance.
- The *Sales Tax Deduction Calculator* (*IRS.gov/SalesTax*) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).

Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- *IRS.gov/Help*: A variety of tools to help you get answers to some of the most common tax questions.
- *IRS.gov/ITA*: The Interactive Tax Assistant, a tool that will ask you questions and, based on your input,

provide answers on a number of tax topics.

- *IRS.gov/Forms*: Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- You may also be able to access tax information in your e-filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don’t have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and

- Required to include their preparer tax identification number (PTIN).

CAUTION *Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to Tips for Choosing a Tax Preparer on IRS.gov.*

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at *SSA.gov/ employer* for fast, free, and secure W-2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W-2, Wage and Tax Statement, and Form W-2c, Corrected Wage and Tax Statement.

IRS social media. Go to *IRS.gov/SocialMedia* to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don’t** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various tax-related topics in English, Spanish, and ASL.

- *Youtube.com/irsvideos*.
- *Youtube.com/irsvideosmultilingua.*
- *Youtube.com/irsvideosASL*.

Watching IRS videos. The IRS Video portal (*IRSVideos.gov*) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages.

You can find information on *IRS.gov/MyLanguage* if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 833-690-0598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to *IRS.gov/LetUsHelp*.

Note. Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).

- Plain Text File (TXT).
- Braille Ready File (BRF).

Disasters. Go to *IRS.gov/DisasterRelief* to review the available disaster tax relief.

Getting tax forms and publications. Go to *IRS.gov/Forms* to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to *IRS.gov/OrderForms* to place an order.

Getting tax publications and instructions in eBook format. Download and view most tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at *IRS.gov/eBooks*.

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven’t been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Access your online account (individual taxpayers only). Go to *IRS.gov/Account* to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.
- Make a payment or view 5 years of payment history and any pending or scheduled payments.
- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

Get a transcript of your return. With an online account, you can access a variety of information to help you during the filing season. You can get a transcript, review your most recently filed tax return, and get your adjusted gross income. Create or access your online account at *IRS.gov/Account*.

Tax Pro Account. This tool lets your tax professional submit an authorization request to access your individual taxpayer IRS online account. For more information, go to *IRS.gov/TaxProAccount*.

Using direct deposit. The safest and easiest way to receive a tax refund is to e-file and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don’t have a bank account, go to *IRS.gov/DirectDeposit* for more information on where to find a bank or credit union that can open an account online.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.
- The IRS doesn't initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.

- Go to *IRS.gov/IdentityTheft,* the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you’re a victim of tax-related identity theft, you can learn what steps you should take.
- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to *IRS.gov/IPPIN*.

Ways to check on the status of your refund.

- Go to *IRS.gov/Refunds*.

- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Making a tax payment. Payments of U.S. tax must be remitted to the IRS in U.S. dollars. *Digital assets* are **not** accepted. Go to *IRS.gov/ Payments* for information on how to make a payment using any of the following options.

- *IRS Direct Pay*: Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.

- *Debit Card, Credit Card, or Digital Wallet*: Choose an approved payment processor to pay online or by phone.
- *Electronic Funds Withdrawal*: Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- *Electronic Federal Tax Payment System*: Best option for businesses. Enrollment is required.
- *Check or Money Order*: Mail your payment to the address listed on the notice or instructions.
- *Cash*: You may be able to pay your taxes with cash at a participating retail store.
- *Same-Day Wire*: You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can't pay now? Go to *IRS.gov/Payments* for more information about your options.

- Apply for an *online payment agreement* (*IRS.gov/OPA*) to meet your tax obligation in monthly installments if you can't pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the *Offer in Compromise Pre-Qualifier* to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to *IRS.gov/OIC*.

Filing an amended return. Go to *IRS.gov/Form1040X* for information and updates.

Checking the status of your amended return. Go to *IRS.gov/WMAR* to track the status of Form 1040-X amended returns.

CAUTION *It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.*

Understanding an IRS notice or letter you've received. Go to *IRS.gov/Notices* to find additional information about responding to an IRS notice or letter.

Responding to an IRS notice or letter. You can now upload responses to all notices and letters using the Document Upload Tool. For notices that require additional action, taxpayers will be redirected appropriately on IRS.gov to take further action. To learn more about the tool, go to *IRS.gov/Upload*.

Note. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multi-year timeline that began providing translations in 2023. You will continue to receive communications, including notices and letters, in English until they are translated to your preferred language.

Contacting your local TAC. Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to *IRS.gov/LetUsHelp* for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to *IRS.gov/TACLocator* to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. TAS strives to ensure that every taxpayer is treated fairly and that you know and understand your rights under the *Taxpayer Bill of Rights*.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to *TaxpayerAdvocate.IRS.gov* to help you understand what these rights mean to you and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or

- You’ve tried repeatedly to contact the IRS but no one has responded, or the IRS hasn’t responded by the date promised.

How Can You Reach TAS?

TAS has offices *in every state, the District of Columbia, and Puerto Rico*. To find your advocate’s number:

- Go to *TaxpayerAdvocate.IRS.gov/ContactUs*;
- Download Pub. 1546, The Taxpayer Advocate Service Is Your Voice at the IRS, available at *IRS.gov/pub/irs-pdf/p1546.pdf;*
- Call the IRS toll free at 800-TAX-FORM (800-829-3676) to order a copy of Pub. 1546;
- Check your local directory; or
- Call TAS toll free at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve large-scale problems that affect many taxpayers. If you know of one of these broad issues, report it to TAS at *IRS.gov/ SAMS*. Be sure to not include any personal taxpayer information.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS and TAS. LITCs represent individuals whose income is below a certain level and who need to resolve tax problems with the IRS. LITCs can represent taxpayers in audits, appeals, and tax collection disputes before the IRS and in court. In addition, LITCs can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. For more information or to find an LITC near you, go to the LITC page at *TaxpayerAdvocate.IRS.gov/LITC* or see IRS

Pub. 4134, *Low Income Taxpayer Clinic List*, at *IRS.gov/pub/irs-pdf/4134.pdf*.

Index

To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

A

B

B

Boats 5

Bonds 5

Books 5

Business, interest in 7

C

F

G

H

I

L

M

O

P

Q

R

S

T

U

V

This page intentionally left blank