



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

2/28/2005

OFFICE OF
CHIEF COUNSEL

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Via Regular Mail

The Honorable -
U.S. House of Representatives
Washington, DC 20515

Attention:

Dear :

This letter responds to your inquiry dated January 12, 2005, on behalf of
of and the
. asked about the new rules for vehicle donations under Section 170(f)(12)
of the Internal Revenue Code (the Code). also asked if sales of donated
vehicles by these organizations are in direct furtherance of the organizations' charitable
purposes. I hope the following general information is helpful.

The new rules limit the charitable contribution deduction for a donated vehicle that is
sold without any significant intervening use or material improvement by the donee
organization to the gross proceeds received from the vehicle's sale. (Section
170(f)(12)(A)(ii) of the Code). The Secretary of the Treasury has the authority to issue
regulations or other guidance exempting from this limit deductions for vehicles that are
sold in direct furtherance of the donee organization's charitable purpose (the direct
furtherance exception).

of my staff called on January 28, 2005, and explained to
that the Secretary of the Treasury must implement the direct furtherance
exception in order for it to take effect. Until that time, no exception exists from the
general rule under Section 170(f)(12)(A)(ii).

also explained that if the Secretary implements the direct furtherance
exception, can request a private letter ruling to allow us to examine
organizations' information and determine whether sales of vehicles donated to

organizations would qualify for the direct furtherance exception. I am enclosing Rev. Proc. 2005-1, 2005-1 I.R.B. 1, which explains how to request a private letter ruling.

If you need further assistance, please contact me at (202) _____ or _____,

I.D. No. _____, at (202) _____.

Sincerely,

Thomas A. Luxner
Chief, Branch 1
Office of Associate Chief Counsel
(Income Tax & Accounting)

Enclosure
