



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

2/28/2005

OFFICE OF
CHIEF COUNSEL

Number: **INFO 2005-0004**
Release Date: 3/31/2005
CC:ITA:B1/CONEX-104614-05
UIL: 170.19-00

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
