



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

OFFICE OF  
CHIEF COUNSEL

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The Honorable Roscoe G. Bartlett  
Member, U.S. House of Representatives  
7360 Guilford Drive, Suite 101  
Frederick, MD 21704

Attention: Micki Hamilton

Dear Congressman Bartlett:

This letter responds to your inquiry dated March 29, 2005, on behalf of  
of  
asked about the new rules for vehicle donations under Section 170(f)(12) of  
the Internal Revenue Code (the Code).

wrote that is a school that offers classes in  
uses the donated  
vehicles typically in the classes for four to six months, and this use usually  
. When a vehicle is no longer useful for instructional purposes, the  
school sells it to a wholesaler or junk dealer, depending on the condition of the vehicle.

The new rules limit the charitable contribution deduction for a donated vehicle to the  
gross proceeds received from the vehicle's sale if it is sold without any significant  
intervening use or material improvement by the donee organization. (Section  
170(f)(12)(A)(ii) of the Code.) If the donee organization makes a significant intervening  
use of a donated vehicle, however, the donor may be allowed a fair market value  
deduction. of my staff called on April 26, 2005, and  
discussed with the requirements of the significant intervening use exception, and  
the factual nature of the inquiry.

If you need further assistance, please contact me at \_\_\_\_\_ or \_\_\_\_\_,

, at \_\_\_\_\_.

Sincerely,

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