

Bargain Sales

In a bargain sale, a donor sells property to charity for less than fair market value, combining a sale and a gift for income and capital gains tax purposes. The donor receives payment for the sale portion and qualifies for a deduction for the gift portion.

Concept applied:

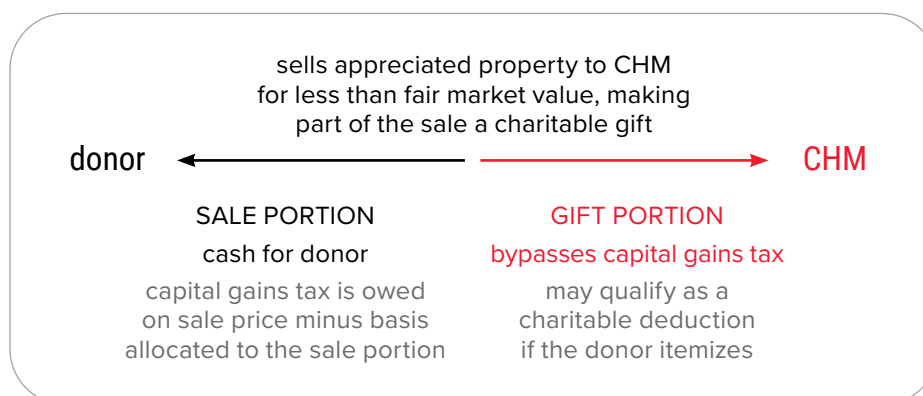
A donor uses a bargain sale to make a charitable gift by selling real estate for less than full value, qualifying for an income tax deduction for the difference between the purchase price and the fair market value.

How it works:

Maggie Campbell paid \$100,000 for land that is now worth \$500,000—property she no longer wants. A charity is interested in building on the land, so Maggie agrees to sell it to the charity for \$300,000. She receives much-needed cash and makes a gift of the remaining \$200,000. She owes no capital gains tax on the gift portion, and the gift also qualifies for a charitable income tax deduction.

Limitations on deductions:

- Only gift amounts that surpass 0.5% of the donor's adjusted gross income (AGI) qualify for an income tax deduction.
- For donors in the 37% tax bracket, the tax benefit of their deduction will be capped at 35%.
- The maximum deduction for long-term appreciated stock is 30% of the donor's AGI. Any excess deduction can be carried over for up to five years.



Why is it useful?

A bargain sale accomplishes multiple goals. The gift portion of the transaction qualifies for a charitable deduction and bypasses any capital gains tax. The sale portion brings in needed cash. It's also possible for the donor to create a source of income (and spread out capital gains taxes) if the charity agrees to pay the sale price in installments.



PLANNED GIVING

CHM: NOW AND INTO THE FUTURE

From the telescope to the printing press to the steam engine, technological revolutions have always transformed the human condition. But never has there been a technological revolution set to change our world in pace, scope, and scale as the one in which we are currently immersed. Nonexistent only a lifetime ago, the forces of change brought on by the computing revolution are permanent, universal, and accelerating at an exponential rate. Great opportunities and great challenges have arisen on a scale never seen before.

This complex present and even more uncertain future requires a new citizenship—one that is equipped with knowledge, inspired by vision, and empowered to take action; one that values problem-solving, critical thinking, and collaboration; one that sets innovation and leadership in pursuit of equitable growth; and one committed to creating a sustainable future and improving the quality of life for this generation and the next.

CHM is in a unique position to empower people as catalysts for change inside our current technological revolution. CHM is using its extensive network and historical expertise amassed over four decades to promote a new citizenship for the digital age, bringing together companies and nonprofits, government leaders and policymakers, scholars and educators—because it will take all of us working together to build the future we envision.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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