

SUNSET ON ENHANCED TAX BENEFITS FOR CONSERVATION EASEMENT DEDUCTIONS

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The “enhanced benefits” for charitable contributions of conservation easements (in effect for tax years 2006-2011) expired at the end of 2011. There is legislation pending that would extend those benefits. The future of the legislation is uncertain.

The enhanced benefits under the law that just expired allowed an easement donor a charitable deduction of 50% of AGI (Adjusted Gross Income) with a 15-year carryover period for unused deductions. Those rules no longer apply.

The “old” law (for pre-2006 gifts) therefore now applies and is the “new” law: Contributions of appreciated property (including real property) are deductible up to thirty percent (30%) of the “contribution base”, or AGI, and, for unused deductions, there is a 5-year carryover period after the year in which the gift is made. The method of computing the capital gain and the amount deductible in the case of bargain sales is unchanged.

We represent both easement donors and recipients (e.g. municipalities and land trusts) in all aspects of easement gifts and bargain sales. Please contact us for additional information.