



## **Tax Incentives for Land Conservation Donations in Georgia–January 2013**

### ***Easement Donors Should Always Consult A Tax Professional To Confirm Their Eligibility And Get Assistance In Claiming Their Benefits***

#### **1. Federal Income Tax Benefits for the Donation of Conservation Land (fee title or easements)**

- Donors who completed eligible conservation easement donations are eligible for an income tax deduction of up to 50% of the donor's adjusted gross income (AGI), which can be used over a 16 year period. Tax payers who earn the majority of their income from farming or ranching can deduct up to 100% of AGI. Fee title donations are eligible for a deduction of up to 30% AGI and can be used over 6 years. To claim the federal deduction, donors must complete IRS Form 8283 with the value of the donation included (as determined by an appraisal) and the easement donee's signature.

#### **2. State Income Tax Benefits for the Donation of Conservation Land (fee title or easements)**

- In 2006, the *The Conservation Tax Credit Act* was passed by the General Assembly. Donations of land or conservation easements meeting state criteria qualify donors for a state income tax credit up to \$250K (individual) and \$500K (corporations), while donations completed by partnership entities before January 1, 2013, may earn a \$1M credit;
- The donor has 10 years to use the credit. The law provides for a credit on Georgia state income tax calculated at 25% of the donated value for qualifying lands;
- Applications for the tax credit are made through the Department of Natural Resources and can be found on the [GLCP website](#).

#### **3. Estate Tax Benefits:**

- Values of estates above \$5 million are subject to a 40% estate tax, which is due to the Federal government within 9 months of inheritance. Donating property or a conservation easement on property during or before this 9-month window will reduce the taxable value of an estate, and may thereby lessen or even eliminate estate taxes for heirs;
- A conservation easement may help avoid a forced sale of land to pay taxes and help keep the property in family ownership and management.

#### **4. Property Tax Benefits:**

- The assessed value of a property *may* be reduced by placing a conservation easement on it that restricts its future use. *However*, reducing assessed value is at the discretion of the local tax assessor. Donors should inform their local tax assessor when a conservation easement is put on their land and request a review of the property's assessed value.
- The Conservation Use Valuation Assessment (CUVA) programs offered by County tax assessors provide property tax reductions without requiring a permanent conservation easement. Since the associated restrictions under CUVA are temporary (10 or 15 years), CUVA enrollees may not claim any of the other above incentives. Visit <https://etax.dor.ga.gov/PTD/cas/cuse/assmt.aspx> for details.



## Land Conservation Incentives Comparisons



### Differences between Georgia's Land Conservation Tax Credit, the Federal Tax Deduction, and Counties' Conservation Use Valuation Assessment programs

Provision	Georgia Land Conservation Tax Credit	Federal Tax Deduction (through 2013)	Conservation Use Valuation Assessment
Donation of conservation easement	Qualifies	Qualifies	n/a – temporary covenants only
Donation of land in fee-title	Qualifies	Qualifies	n/a
Incentive	25% of FMV up to <ul style="list-style-type: none"> <li>• \$250K for individual donors,</li> <li>• \$500K for corporate donors,</li> <li>• \$1M in aggregate for partnership donors, who recorded donations <b>before</b> January 1, 2013.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of AGI for easement donations</li> <li>• 100% of AGI for easement donations by farmers &amp; ranchers(earn most of income from farming)</li> <li>• 30% of AGI for all <u>fee-title</u> donations;</li> </ul>	Reduction of assessment for property tax purposes to 'conservation use' status
Carry forward	Tax year plus 10 years	Tax year plus 15 years	10 or 15 year commitment
Bargain sale	Gift portion eligible	Gift portion eligible	n/a
Donation to Federal agency	Eligible	Eligible	n/a
Donation to charitable nonprofit organization	“Qualified organization”, as determined by DNR, plus adoption of <i>Land Trust Alliance Standards &amp; Practices</i>	“Qualified organization” requirements only (defined in Treasury Regulations)	n/a – covenant agreed to with local county tax assessors' office
Establishment of donated value	By qualified appraisal	By qualified appraisal	By state statute
Eligible land	DNR review of 7 state criteria determines eligibility	Treasury Regulations define “Conservation purposes”	County govts determine eligible lands
Golf course	Not eligible	May be eligible	May be eligible
To increase density	Not eligible	Not eligible	n/a
Public education	Not eligible	Eligible	n/a



## **Checklist for Claiming Tax Incentives for Land Conservation Donations**

### ***Federal Income Tax Deduction & Estate Tax Reduction***

The federal tax deduction for conservation donations is claimed when filing annual income taxes. Donors must fill out Form 8283 with their personal information, a brief property description, appraised value of the donation, and signatures of both the donor's appraiser and donee organization.

- € **Form 8283** ([www.irs.gov/pub/irs-pdf/f8283.pdf](http://www.irs.gov/pub/irs-pdf/f8283.pdf))
  - € Personal information & property description
  - € Appraiser signature
  - € Donee organization signature
- € **Appraisal** (if value of donation is greater than \$500,000)

No donor action is necessary to receive estate tax benefits. The value of the conservation donation should reduce the estate value and provide tax benefits when the estate is settled. Heirs of property may make a conservation donation within nine months of inheriting an estate in order to receive a reduced estate appraisal.

### ***State Tax Credit***

The State of Georgia's Conservation Tax Credit is claimed through a two-step process. First, donors must obtain certification of their donation by the Department of Natural Resources and State Properties Commission. Second, certified donors receive a certification letter from the DNR that must then be submitted as part of their annual state income tax returns.

- € **Application** and materials sent to Dept. of Natural Resources ([www.glcp.ga.gov/taxcredit](http://www.glcp.ga.gov/taxcredit))
  - € Landowner/taxpayer information
  - € Property Map & description
  - € Donee organization information & signature
  - € Evidence of clear title (e.g. title policy, title abstract, attorney's opinion of title)
  - € Recorded easement with baseline report (OR restrictive covenant if a fee-title donation)
  - € \$5,000 application fee (ONLY if donation is completed AFTER January 1, 2013)
  - € Appraisal of donation's value (ONLY if donation is completed AFTER January 1, 2013)
- € **Certification letter** from DNR should be included with State income tax returns
- € **Qualifying Appraisal** of donation's value is submitted with State income tax returns (ONLY if donation is completed BEFORE January 1, 2013)

### ***Property Tax Reduction***

Donors may request a revaluation from their county tax assessor's office after completing a conservation easement. Tax assessors are required by law to consider easements when valuing property. Tax assessors may request varying information based on local procedures and protocol.