

TAX INCENTIVES – YOUR OPTIONS

Donating land or a conservation easement to a land trust offers significant federal tax advantages by treating the gift as a charitable contribution.

OUTRIGHT LAND DONATION

- **Deduction:** You can deduct the full Fair Market Value (FMV) of the property.
- **Annual Cap:** Deductions for “long-term” land (held over a year) are capped at 30% of your Adjusted Gross Income (AGI).
- **Carry-Forward:** If the value exceeds the cap, you can carry the remaining balance forward for up to five additional years.

CONSERVATION EASEMENT DONATION

- **Deduction:** You deduct the appraised value of the easement while retaining ownership of the land.
- **Annual Cap:** Generally capped at 50% of your AGI annually, or 100% for qualified farmers and ranchers.
- **Carry-Forward:** Remaining balances can be carried forward for up to 15 additional years, allowing for a 16-year total deduction window.
- **Additional Benefits:** Easements may also reduce estate taxes for heirs and lead to lower local property tax assessments.

EXAMPLE 1:

OUTRIGHT LAND DONATION

In this scenario, you donate a parcel of land valued at \$250,000 that you have owned for more than one year.

- **Annual Deduction Cap:** 30% of your AGI ($\$100,000 \times 0.30$) = \$30,000.
- **Year 1 Deduction:** You deduct \$30,000 from your taxable income.
- **Carry-Forward:** You have 5 additional years to use the remaining \$220,000.
- **Total Potential Deduction:** Over the 6-year period, you could deduct a total of \$180,000 ($\$30,000 \times 6$ years), assuming your income stays the same.
- **Result:** \$70,000 of the donation value would expire unused because it exceeds the 6-year limit.

EXAMPLE 2:

CONSERVATION EASEMENT DONATION

In this scenario, you place an easement on your property. The restriction reduces the land’s value by \$250,000, which becomes your charitable gift.

- **Annual Deduction Cap:** 50% of your AGI ($\$100,000 \times 0.50$) = \$50,000.
- **Year 1 Deduction:** You deduct \$50,000 from your taxable income.
- **Carry-Forward:** You have 15 additional years to use the remaining \$200,000.
- **Total Potential Deduction:** You would fully utilize the \$250,000 deduction in just 5 years ($\$50,000 \times 5$ years).
- **Result:** You realize the full tax benefit of the gift well within the 16-year eligibility period.

Note: If you were a qualified farmer or rancher in Example 2, your annual cap would increase to 100% of your AGI (\$100,000), allowing you to deduct the full value in only 2.5 years.

For more information, call us at (770) 540-5373, email Info@NorthGeorgiaLandTrust.org, or visit our website at NorthGeorgiaLandTrust.org



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