

Real Estate – Bargain sale

A bargain sale can generate a gift that is less than the full fair market value of the property. In this scenario you agree to sell the property to a charitable organization at less than its fair market value. With this type of charitable gift, the difference between the sale price and the fair market value is the amount of that determines your charitable deduction. While the tax rules relating to a bargain sale are somewhat complex, the net result is often more favorable than selling the property at fair market value and making a charitable contribution from the realized capital gain.

Please consult your tax specialist or an attorney on the above information.