



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

5/6/2005

Number: **INFO 2005-0074**
Release Date: 6/30/05
CONEX-118716-05/CC:ITA:B1
UIL: 170.19-00

The Honorable Roscoe G. Bartlett
Member, U.S. House of Representatives
7360 Guilford Drive, Suite 101
Frederick, MD 21704

Attention: Micki Hamilton

Dear Congressman Bartlett:

This letter responds to your inquiry dated March 29, 2005, on behalf of
of
asked about the new rules for vehicle donations under Section 170(f)(12) of
the Internal Revenue Code (the Code).

wrote that is a school that offers classes in
uses the donated
vehicles typically in the classes for four to six months, and this use usually
. When a vehicle is no longer useful for instructional purposes, the
school sells it to a wholesaler or junk dealer, depending on the condition of the vehicle.

The new rules limit the charitable contribution deduction for a donated vehicle to the
gross proceeds received from the vehicle's sale if it is sold without any significant
intervening use or material improvement by the donee organization. (Section
170(f)(12)(A)(ii) of the Code.) If the donee organization makes a significant intervening
use of a donated vehicle, however, the donor may be allowed a fair market value
deduction. of my staff called on April 26, 2005, and
discussed with the requirements of the significant intervening use exception, and
the factual nature of the inquiry.

If you need further assistance, please contact me at _____ or _____,

, at _____.

Sincerely,

Thomas A. Luxner
Chief, Branch 1
Office of Associate Chief Counsel
(Income Tax & Accounting)