Tax Incentives for Donations of Fee Title Land

There are many potential benefits to the conveyance of land outright, also known as “fee title.” Donating land to a qualified charitable organization, such as Ducks Unlimited through its supporting organization Wetlands America Trust, Inc., typically qualifies as a charitable gift for income tax purposes.

The following tax deduction benefits may be applicable to individual land donors:

- The donor will no longer be responsible for expenses related to the land, such as property taxes, as the donor no longer has ownership of the property.
- The donor’s potential estate taxes will be reduced as the value of the donated property is removed from the donor’s taxable estate.
- If the property has been held for a year or longer, the property may be considered as a long-term capital gain. As such, the donor may reduce or eliminate capital gains taxes owed on the asset by donating the property.
- The donor may receive an income tax deduction for the fair market value of the donated property. The maximum charitable deduction is set by federal tax law as a percentage of the donor’s annual adjusted gross income (AGI). For donations of fee title land, the donor may be allowed to deduct up to 30% of AGI in one year. Any excess value of the donation may be carried forward for an additional 5 years.¹

Many factors such as the age, health, tax bracket, and existing donations of the donor factor into potential tax considerations. Given these elements, a tax advisor should be consulted for specific details on potential tax benefits relating to the donation of fee title land.