

Alert: Beware of Vehicle Donation Programs Offering More Than Fair Market Value

While the IRS allows consumers to use vehicle values guides to assess the Fair Market Value of a donated vehicle, Kelley Blue Book has important information for donors this holiday season.

Charities that tell donors that they can claim the full Kelley Blue Book 'Suggested Retail' value for their tax purposes are leading consumers down the path to a possible audit. The Kelley Blue Book 'Suggested Retail' value is NOT an appropriate value for donations. Kelley Blue Book recommends using the 'Private Party Value' instead of the 'Used Retail' or 'Trade In' values for vehicle donations. Private Party values are free to consumers on the company's Web site, www.kbb.com.

Today, Kelley Blue Book offers the IRS-accepted Fair Market Value only on its Web site through the Kelley Blue Book VEHICLE CONDITION QUIZ. To accurately assess a vehicle's Fair Market Value, you must use this quiz, which takes the vehicle's engine, options and condition into consideration before assigning a final value to the donated vehicle.

"Every used car is different. It's important to accurately assign the most appropriate value to your specific donated vehicle," said Charlie Vogelheim, executive editor of the Kelley Blue Book.

The Vehicle Condition Quiz can be found online on every 'Private Party' used car pricing report. First select 'Private Party' Value from the home page. Next, include the correct mileage, engine and options, click on the Rate It button to assign the most accurate Fair Market Value.

"We recommend donors use the Kelley Blue Book Vehicle Condition Quiz as it is the most comprehensive way to evaluate the condition of a donated vehicle," said Joe Hearn, vice president of ADESA Impact, which cooperates with many top vehicle charity programs. "Nearly 60 % of donated vehicles are in fair or poor condition, requiring a more accurate portrayal of its condition at the time of donation for tax purposes."

A print out of the Vehicle Condition Quiz and photos of the vehicle can serve as documentation to show credible evidence of a vehicle's condition at the time of appraisal and in your itemized tax deductions. (Vehicles valued at \$5,000 or more must be appraised by a certified vehicle appraiser. To assure accuracy in all cases, consult your tax advisor.)

TOP LINE FACTS

1. Charities that state donors can claim the full Kelley Blue Book 'Suggested Retail' value on their taxes are leading consumers toward a possible audit. It is the 'Private Party' value that represents a Fair Market Value.
2. Today, Kelley Blue Book offers the IRS-accepted Fair Market Value only on its Web site www.kbb.com through its VEHICLE CONDITION QUIZ. This is a free service to all consumers.
3. Kelley Blue Book recommends using the 'Private Party Value' instead of the 'Suggested Retail' or 'Trade In' values for vehicle donations. These three values are different and represent different transactions.
4. The vehicle's current condition must be taken into consideration when assigning a value, this includes; the correct mileage, engine, optional equipment and condition.

For more information on vehicle donation, visit the www.kbb.com Tools, Tips & Advice section.

SOURCE: Kelley Blue Book

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