

## Frequently Asked Questions on Virtual Currency (Bitcoin) Appraisals

- 1. Does the transfer/gift have to take place before an appraisal can be completed?** Yes. While the tax code says that a qualified appraisal can be completed as early as 60 days prior to a property gift, our virtual currency approach uses the high/low prices for the date of the gift to create an average daily price.
- 2. What documents do I need to provide?** A completed Donor Information Form
- 3. How much do the appraisals cost?** The fee for the first virtual currency appraisal is \$600, with additional currencies or additional appraisals for \$350.
- 4. Do I have to pay before the appraisal is released?** Yes. Having done this for 10 years, I quickly discovered that I was spending more time trying to collect on invoices than actually doing the appraisals. These donors were all well-intentioned but various circumstances would arise that would require multiple follow up efforts – hence, the new policy. I accept checks or PayPal.
- 5. When you complete the appraisal, what does it include and where is it mailed?** The completed appraisal will include the original signed appraisal, a receipt for payment, a Form 8283 with a completed Appraisers Section and a bio to conform to the qualified appraisal rules. This entire “kit” is mailed to the Donee Charity so they can complete their section of the Form 8283, make any copies they need for audit purposes and then they are instructed to mail the completed original “kit” to the donor. I am happy to mail the package to an advisor or the donor directly but please indicate that on the Donor Information Form.
- 6. Are there any articles that might be helpful for me to read about any Virtual Currency tax or legal issues?** This article may provide additional information on the technical aspects of these donations - <http://cfga.pgdc.com/pgdc/charitable-gifts-bitcoin-tax-appraisal-legal-and-processing-considerations>
- 7. Are you a Qualified Appraiser?** There is not a definitive answer to this question as the IRS requires a qualified appraiser to complete the appraisal, however, no one is able to meet the strict definitions for virtual currency. The IRS requires:

(1) *Appraisal designation.* An appraiser will be treated as having earned an appraisal designation from a recognized professional appraiser organization within the meaning of § 170(f)(11)(E)(ii)(I) if the appraisal designation is awarded on the basis of demonstrated competency in valuing the type of property for which the appraisal is performed.

(2) *Education and experience in valuing the type of property.* An appraiser will be treated as having demonstrated verifiable education and experience in valuing the type of property subject to the appraisal within the meaning of § 170(f)(11)(E)(iii)(I) if the appraiser makes a declaration in the appraisal that, because of the appraiser’s background, experience, education, and membership in professional associations, the appraiser is qualified to make appraisals of the type of property being valued. *See also* § 1.170A-13(c)(5).

(3) *Minimum education and experience.* An appraiser will be treated as having met minimum education and experience requirements within the meaning of § 170(f)(11)(E)(ii)(I) if —

(b) *For property other than real property* — (ii) For returns filed after February 16, 2007, the appraiser has (A) successfully completed college or professional-level coursework that is relevant to the property being valued, (B) obtained at least two years of experience in the trade or business of buying, selling, or valuing the type of property being valued, and (C) fully described in the appraisal the appraiser’s education and experience that qualify the appraiser to value the type of property being valued.

There is neither a degree nor appraisal designation which specifically applies to virtual currency. I have earned two Masters degrees (Financial Services as well as Risk Management and Insurance) and a Ph.D. in Retirement and Financial Planning (charitable giving dissertation). Additionally, I have appraised thousands of life insurance donations over the last decade which are also intangible personal property gifts.



## Appraisal Service for Charitable Gifts of Virtual Currency

All of the fields below must be complete before an appraisal can be provided. Please send materials to the address listed below along with appropriate payment. Upon completion, we will forward the qualified appraisal and completed Form 8283 to the charity unless otherwise requested.

Today's Date:

### DONOR INFORMATION:

Donor(s) Name as Shown on Most Recent Tax Return:

Donor's Mailing Address, City, State, Zip Code:

Donor's Phone Number:

Donor(s) Social Security or Tax ID #:

### CHARITY INFORMATION:

Charity's Legal Name:

Charity's Mailing Address, City, State & Zip Code:

Charity's Phone Number:

Charity's Federal Tax ID#:

### **Required Documents:**

1. Transaction details: Please include the number of coins transferred and a statement showing the charity received the coins on a specific date.
2. Donor's adjusted cost basis, as of gift date.

**Fee:** Please submit \$600 for the first appraisal and \$350 for each additional. Processing takes between 5 to 7 business days. If an appraisal is required within 48 hours, an additional \$100 rush fee will apply to each appraisal.

### **Payment Options:**

1. Online with credit card via PayPal <https://www.paypal.me/CharitableSolutions>
2. Check, made payable to Charitable Solutions, LLC and mailed to the address above.

Please return this form along with the paperwork required.