

## Bargain Sale

A bargain sale occurs when a Donor/Seller sells an appreciated property for less than fair market value to a qualified charitable organization. A bargain sale contains a “cash component” on part of the Charity and a “charitable deduction” component for the Donor.

The difference between the fair market value and the bargain sale price is eligible to become a charitable deduction. In order for the transaction to be considered a bargain sale, the Donor/Seller must have the intent to make a charitable donation prior to the transaction. Bargain sales are reportable to the Internal Revenue Service (IRS). For more detailed information see IRS Publication 526.

Bargain sales are often used by Donors who wish to make a charitable contribution to an organization in a form other than cash. The Charity benefits from a bargain sale by paying below market value for appreciated property and is able to achieve significant outright gifts in support of their mission.