



This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.

Vehicle Donations

You've probably seen television commercials encouraging you to donate your car or boat to charity. A number of charitable organizations now have vehicle donation programs where donors may receive a federal income tax deduction for donating cars, trucks, boats, motorcycles, RVs, even airplanes. Charities sometimes keep donated automobiles and use them in conducting their charitable mission but, most often, organizations sell the donated vehicles in order to generate revenue. This article discusses the IRS and Georgia regulations that charities should comply with when accepting vehicles as donations.

I. WHAT §501(c)(3)s CAN DO WITH DONATED VEHICLES

A section 501(c)(3) organization (a "charity") may choose to keep donated vehicles or dispose of them. A charity that keeps a donated vehicle may choose to use a donated vehicle in order to conduct activities that substantially further its charitable programs. One such use may consist of the charity leasing donated vehicles to needy individuals at no cost or at a price significantly below fair market value in accordance with its charitable purpose. Any use must be regular, for a significant period of time and for the charity's charitable programs. If a charity instead chooses to dispose of a vehicle, it may distribute it to a needy individual at no cost or a price significantly below fair market value in accordance with its charitable purpose. Alternatively, a charity can sell a vehicle and use the proceeds exclusively to fund its charitable purposes.

II. WRITTEN ACKNOWLEDGEMENT OF DONATION

Donors who contribute vehicles to charities can benefit from a federal income tax deduction. For the donor to be able to take advantage of this deduction, a charity must generally provide the donor with a written acknowledgement. The information provided in the written acknowledgement depends on the value of the vehicle and how the charity uses the vehicle.

Vehicle Valued at \$500 Or Less:

If the donor claims that the vehicle is valued at \$500 or less, the charity should provide a written acknowledgement that includes:

- i. Donor's name and address and charity's name and address
- ii. Date of the donation
- iii. Description of the vehicle, including Vehicle Identification Number (VIN)
- iv. Whether the charity provided any goods or services in return for the vehicle. If so, the charity must provide a good faith estimate of the value of those goods or services.

Dated: 07/24/2023

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The charity should provide the written acknowledgement to the donor by the date on which the donor files his or her individual federal income tax return or the due date of the return (whichever is earlier).

Vehicle Valued at More Than \$500:

If the donor claims that the vehicle is valued over \$500, the donor must provide the charity with the original and a copy of the professional appraisal of the vehicle. The charity should retain the copy for its records. The charity should then provide a written acknowledgement that includes:

- i. The charity's name and federal employee identification number (EIN)
- ii. Donor's name, address, and taxpayer identification number
- iii. Date of the donation
- iv. Whether the charity provided any goods or services in return for the vehicle. If so, the charity must provide a good faith estimate of the value of those goods or services. Information on what the charity did or intends to do with the vehicle, as follows:
 1. Charity Uses Vehicle – If the charity keeps the vehicle to use, the written acknowledgement must also include:
 - Statement certifying that the charity intends to make a significant intervening use of the vehicle;
 - Detailed statement of the intended use;
 - Detailed statement of the duration of that use; and
 - Certification that the vehicle will not be sold before duration of that use.
 2. Vehicle Sold or Given to a Needy Individual – If the charity intends to sell (at below fair market value) or give the vehicle to a needy individual, the written acknowledgement must also include:
 - Statement that the charity intends to sell or give the vehicle to a needy individual at price below fair market value; and
 - Statement that the gift or sale is in direct furtherance of the charity's purpose.
 3. Charity Sells Vehicle – If the charity sells the vehicle in an arm's length, fair market value transaction, for more than \$500, the written acknowledgement must also include:
 - Statement certifying that sale occurred in an arms-length transaction between unrelated parties;
 - Date vehicle was sold;
 - Gross proceeds received from the sale; and
 - Statement that the donor's deduction may not exceed the gross proceeds of the sale.

4. Material Improvements – If the charity intends to make a material improvement to the vehicle prior to selling it in an arm's length transaction, the written acknowledgement must also include:
 - Statement that the charity intends to make a material improvement to vehicle;
 - Detailed description of the intended material improvement; and
 - Certification that the vehicle will not be sold before completion of material improvement.

Deadline for Providing Acknowledgement for Vehicle Valued at Over \$500

If the charity intends to use the vehicle, sell or give it to a needy individual, or make a material improvement to the vehicle, the charity must provide the Written Acknowledgment to the donor within 30 days of the contribution. If the charity intends to sell the vehicle in an arm's length, fair market value transaction, the charity must provide the written acknowledgement to the donor within 30 days of the sale.

Note that the charity can provide IRS Form [1098-C](#) (see below) to the donor in lieu of the written acknowledgments described above. However, the 30-day requirement above will apply and not the February 28th date below.

III. IRS FILING AND DISCLOSURE REQUIREMENTS

The charity or the donor must file several documents with the IRS concerning the vehicle donation. These forms include:

- [Form 990](#) (Annual Information Return) – The charity must include the vehicle donation on the charity's annual information return.
- [Form 1098-C](#) – The charity must file Copy A of Form 1098-C with the IRS to report the information contained in an acknowledgement for a vehicle contribution worth more than \$500. The form is due by February 28 (March 31 if filing electronically) of the year following the year in which the charity received the donation and provides acknowledgement to the donor.
- [Form 8283](#) – The donor must file Form 8283. If the donor's deductions during the year exceed \$5,000, the donor must also complete Section B of Form 8283, and an authorized official of the charity must complete a portion of the form and sign it. The donor must give the charity a copy of Section B of Form 8283.
- [Form 8282](#) – If the charity is required to sign Form 8283 for receipt of a vehicle, it must file Form 8282 with the IRS if it sells or otherwise disposes of the vehicle within three years after the date it received the vehicle, including gifting the vehicle to a needy individual. This form must be filed within 125 days after the charity disposes of the vehicle. Form 8282 requires the charity to identify the donor and the amount the charity received upon disposition of the vehicle. The charity must provide a copy of the completed Form 8282 to the donor.

IV. GEORGIA LAW REQUIREMENTS

In addition to the above IRS requirements for a vehicle donation to a charity, the charity must also consider state regulations, including:

- Transfer of Title:
 - Donor must transfer the title to the charity, which title must be signed, clear and free of all liens. To ensure termination of liability for the vehicle, donors should take responsibility for transfer of title, which includes removal of license plates and filling out the transfer of title on the back of the original title.
 - To transfer the title and register the vehicle, the following completed documents are required when the charity's representative visits the County Tag Office:
 - [MV-1 DOR Form](#) (Motor Vehicle Title/Tag Application)
 - [MV-31 Form](#) (Affidavit for Charity Organizations)
 - This form certifies that the vehicle was transferred as a gift and that no payment was given or received in consideration of the gift. This form is required for the charity to qualify for the 1% TAVT fee (see below).
 - [T-19C Form](#) (Affidavit of Authority to Sign for a Company, Corporation or Partnership)
 - Two notarized copies should be provided. The person handling the transfer of title and registration of the vehicle should be listed as the "Individual Granted Authority to Sign for Your Company". This should be the same person who filled out the MV-31 Form. The T-19C Form must be notarized.
 - A [Bill of Sale](#) may need to be presented. The purchase price should be listed as \$0.
 - A check made out to the County Tag Office; costs include:
 - \$18 title fee
 - \$20 license plate fee
 - TAVT amount (see below)
 - The charity's IRS Determination Letter recognizing it as a §501(c)(3) organization
 - Photo identification of the person submitting the MV-31 and T-19C Forms
 - The vehicle's signed title
 - Proof of insurance
- Vehicle Registration:
 - Donor must cancel their registration of the vehicle. This should be done within 30 days of cancelling Donor's insurance to avoid penalties and fines. This can be done online using [Georgia Drives e-Services](#), or by completing the [MV-18J Form](#) (Application of Voluntary Registration Cancellation).

- The charity must register the vehicle within 7 business days from the date of purchase/donation with the County Tag Office.
- If the vehicle is sold or given to a needy individual, the needy individual must also register the vehicle with the County Tag Office within 7 business days from their date of purchase. Additionally, the charity must cancel their registration of the vehicle. This should be done within 30 days of cancelling the charity's insurance to avoid penalties and fines. This can be done online using [Georgia Drives e-Services](#), or by completing the [MV-18J Form](#) (Application of Voluntary Registration Cancellation).
- Insurance:
 - The charity must purchase liability insurance before registering the vehicle with the County Tag Office.
 - If the vehicle is sold or given to a needy individual, the needy individual must purchase, at a minimum, liability insurance before registering the car with the County Tag Office.
- Driver's License:
 - Individual who receives a donated vehicle must have a valid driver's license.
- Title Ad Valorem Tax ("TAVT"):
 - Anyone who purchases a vehicle in Georgia, must pay TAVT. TAVT is based on the fair market value of the car.
 - If a car is donated to the charity, when titled in the name of the charity, **the charity is generally subject to a reduced TAVT of 1% of the fair market value of the motor vehicle.** For example, a vehicle valued at \$5,000 would require a \$50 tax fee.
 - **EXCEPTION: If goods or services are provided in exchange for the donation, the charity does not qualify for the reduced 1% TAVT. They must pay the 7% TAVT. This includes purchasing the vehicle.**
 - *Note: the ad valorem tax amount may change over time and should be checked periodically.*
 - If the charity gives the vehicle to a needy individual, **the needy individual is subject to the regular 7% TAVT.** Therefore, if the vehicle is valued at \$5,000, the CNI would have to pay a \$350 tax fee.
 - For an estimate of the TAVT due, visit [Georgia Drives e-Services](#) and under "Estimates" select the option for "Estimate Title Ad Valorem Tax (TAVT)."

V. OTHER CONSIDERATIONS

A charity may operate a vehicle donation program on its own or it may hire an agent to operate the program. If the charity hires a private, for-profit entity to operate its program, the charity must create an agency relationship that is valid under applicable state law. The agency agreement should provide that the charity is responsible for, and has oversight and control of, the actions of its agent when the agent solicits on the charity's behalf (the oversight, control and agency relationship allow the gift to be deductible). Finally, the charity should actively monitor the

program by reviewing all contracts, approving advertisements, and examining records. The for-profit company must register with the state as an agent under the Georgia Charitable Solicitations Act. For more information, see [Charitable Registration in Georgia](#).

Another option is for a charity to give a for-profit entity the right to receive and sell vehicles using the charity's name. In this type of arrangement, the charity will sign a royalty agreement giving the for-profit entity the right to use its name to solicit donations. Under the royalty agreement, the charity would have no control over the for-profit entity's activities and will receive a percentage of the proceeds from the sale of the vehicles to support its charitable programs. Under this program, vehicle donations are NOT deductible by the donor. Both the for-profit and charity entities must be careful not to mislead the donor as to whether the donation is deductible.

Additional details and more information about federal laws concerning vehicle donations are available on the [IRS website](#).