Guidelines for Qualified Appraisals

These guidelines are published by the Department of Taxation (TAX) pursuant to Va. Code § 58.1-512.1 to provide guidance to donors and appraisers of land or interests in land qualifying for the Virginia Land Preservation Tax Credit for donations made on or after January 1, 2007.

Incorporated by reference

The following are incorporated into these guidelines in their entirety, as they may be amended from time to time:

- The requirements of § 170(h) of the United States Internal Revenue Code of 1986, as amended (the "IRC), including the applicable regulations, which are located at 26 C.F.R. § 1.1704A-14.
- The Uniform Standards of Professional Appraisal Practice (USPAP), as developed by the Appraisal Standards Board of the Appraisal Foundation.
- The regulations of the Virginia Real Estate Appraisal Board, 18 VAC 130-20-10 et seq.

Requirements

An application for a Land Preservation Tax Credit shall include a copy of the qualified appraisal, as defined in § 170(f)(11)(E) of the IRC, of the qualified donation. The appraisal must be prepared by a qualified appraiser who is licensed in Virginia pursuant to Va. Code § 54.1-2011. The application shall include the affidavit by the appraiser required by subsection C of Va. Code § 58.1-512.1.

If the appraised value is based on a hypothetical future change in use and ignores, or departs significantly from, a value based on a recent sale of the appraised property and comparable sales, then the affidavit shall clearly identify the improvements and other modifications necessary to adapt the actual physical condition of the property on the appraisal date to the hypothetical highest and best use on which the appraised value is based, and shall disclose the facts on which the appraiser based the conclusion that the hypothetical use is both likely to be needed in the near future and feasible, and shall also disclose and explain any assumptions used in determining the fair market value of the donation.

The Department also reserves the right to request any additional documentation or data, including the appraiser's workpapers.

The Department will revise and update these guidelines as deemed necessary by the Tax Commissioner.

Adopted this 9th day of January, 2007, effective for donations made on or after January 1, 2007.

Janie E. Bowen, Tax Commissioner