APPRAISEITNOW

# Valuing a Private Company Interest for Form 709, Form 706, Form 8283 and Roth IRA Conversion Filings: Questions from Business Owners and CPAs (2026)

AppraiseItNow Inc.

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Educational material, not an appraisal.

## About these questions

### What does "private company interest" mean in these answers?

A private company interest is an ownership stake in a business whose shares or units do not trade on a public exchange. It includes stock in a closely held corporation, membership units in a limited liability company and partnership interests. The interest can be the whole company or a fraction of it, such as 10 percent of the units of a family LLC. The fraction matters because the appraiser values the specific interest that changes hands, not the company in the abstract.

### Which filings do these questions cover?

They cover four filings. A gift of a business interest is reported on Form 709, the gift tax return. A business interest held at death is reported on Form 706, the estate tax return. A donation of a business interest to charity is reported on Form 8283, and a Roth IRA conversion of a business interest is reported by the IRA custodian.

### What do the four filings have in common?

Each one ties the value of the interest to a specific date, and each depends on documents the owner or the company has to produce. In each case a valuation can be challenged, so the reasoning behind the number needs to be on paper and traceable. The differences lie in which date applies, who may prepare the valuation, what the report has to contain and who receives it.

### What do "effective date" and "report date" mean?

The appraisal standards (USPAP, 2024 edition (The Appraisal Foundation)) separate the two dates. An appraisal's effective date is the date the value applies to. It can be current, past (a date of death or donation) or future, and the report states both the effective date and the report date. In tax work the effective date is usually called the valuation date, and it is the date the return cares about.

### How current is the information here?

The information is dated 2026. It reflects the rules as stated for 2026, including the 2026 gift tax annual exclusion and the 2026 filing due date for gifts made in 2026. A reader confirms how the rules apply to a specific transfer with a tax adviser, who also decides how the return is prepared.

# Before ordering a business valuation for a gift, estate, donation or Roth filing

### Why does the purpose of the valuation have to be settled first?

The purpose decides the effective date, and the effective date decides which financial records, events and market conditions the appraiser considers. AppraiseItNow sets the effective date by purpose: for insurance coverage and personal use, the report date; for estate and probate, the date of death; for a donation, the contribution date, or the report date for a future gift signed no more than 60 days before it; for a gift, the date of the gift; for an insurance claim, the date of loss; for a divorce, the date counsel sets; for an IRA conversion, the conversion date. A valuation ordered for one purpose is not automatically suited to another, so the reader states the filing at the outset.

| Filing | Return or report | Effective date AppraiseItNow uses |
|---|---|---|
| Gift of a business interest | Form 709 | The date of the gift |
| Business interest held at death | Form 706 | The date of death |
| Donation of a business interest | Form 8283 | The contribution date, or the report date for a future gift signed no more than 60 days before it |
| Roth IRA conversion | Custodian's reporting | The conversion date |

### Can the valuation be ordered after the gift, death or conversion has already happened?

Yes. Because an effective date can be in the past, a valuation for a gift, an estate or a conversion can be prepared after the event and still apply to the correct date. The appraiser then works from records as they stood on that date. Information that only became known later is handled with care, and the report explains what was considered.

### Who may not prepare the valuation for a gift of a business interest?

The adequate disclosure regulation (Treas. Reg. § 301.6501(c)-1(f)) limits who can prepare the appraisal. The appraiser can't be the donor, a donee, a member of either's family, or someone they employ, and must hold themselves out as an appraiser or perform appraisals regularly.

### What qualifications should a CPA check for a donation of a business interest?

The charitable appraisal regulation (Treas. Reg. § 1.170A-17) defines the qualified appraiser. A qualified appraiser has an appraisal designation for that type of property from a recognized organization, or relevant coursework and at least 2 years' experience valuing it, and regularly does paid appraisals. The donor, the charity, whoever sold or gave the donor the property, and anyone related to or employed by them can't be the appraiser. The CPA checks the appraiser's statement of qualifications against these elements before relying on the report.

### Does privately held stock follow a different threshold from other donated property?

No, under the current rule it does not. The Form 8283 instructions (Instructions for Form 8283 (Rev. December 2025)) state the rule for business interests directly. Privately held stock, LLC interests and partnership interests follow the same rule as other property: a deduction over $5,000 needs a qualified appraisal and Section B. The old $10,000 rule for nonpublicly traded stock ended for gifts after July 30, 2018.

### What does an IRA custodian expect before a private company interest is converted?

The custodian reporting instructions (Instructions for Forms 1099-R and 5498 (2026)) leave the support for a value to the custodian. For assets without a readily available market value, the custodian must still report a value, and each custodian sets what it needs to support that value (its own form, often an independent valuation). The IRA owner therefore asks the custodian for its requirements and its form before the conversion date, so the valuation can answer exactly what the custodian asks.

### Who decides whether an estate uses the alternate valuation date?

The executor makes that decision with the estate's tax adviser, not the appraiser. The appraiser needs to know the answer, or the dates under consideration, before work begins. An executor weighing the choice can ask for values at both the date of death and the alternate date so the adviser can compare them.

### How is the engagement priced?

Clients request an appraisal from AppraiseItNow online and receive a fixed-fee quote before any work begins; AppraiseItNow does not bill hourly.

# Documents and information a business owner or CPA assembles for a tax valuation of a company interest

## What does AppraiseItNow need to value a business interest?

For a business valuation, AppraiseItNow needs what is valued (the company, the interest or percentage) and the valuation date, financial statements or tax returns up to that date, and the company agreement; past appraisals or offers help. The ownership percentage is the fact most often wrong. AppraiseItNow collects what the appraiser needs before the appraisal starts, and asks only for what the appraiser needs.

## Why is the ownership percentage the fact most often wrong?

Ownership changes quietly over time. Earlier gifts to family members, units issued to a new partner, redemptions of a departing owner and separate classes of voting and nonvoting units all move the real percentage away from the figure people remember. A percentage taken from an old schedule or a rounded number on a tax form can be several points off. The owner or CPA reconciles the percentage to the company agreement, its amendments and the transfer records as of the valuation date.

## Which financial records are needed when the valuation date falls in the middle of the year?

The appraiser needs financial statements or tax returns up to the valuation date. The owner or CPA also notes any known adjustments, such as a large year-end bonus or an unusual one-time expense, so the appraiser can see them alongside the records.

## What does the company agreement tell the appraiser?

The operating agreement, partnership agreement or shareholder agreement defines what the interest actually is. It shows voting rights, rights to distributions, restrictions on transfer, any buy-sell or redemption terms and what happens when an owner dies or leaves. These terms shape what a buyer would pay for the specific interest, so the appraiser reads the version, with amendments, in effect on the valuation date.

## Do past appraisals or offers for the company matter?

They help. An earlier valuation shows how the company was understood at another point in time, and a written offer from an outside buyer is evidence of what a market participant was willing to pay. Neither one sets the value on its own, because circumstances on the valuation date may differ. The owner provides them along with any context, such as why an offer did not proceed.

### What extra details does a Roth IRA conversion require?

For a Roth IRA conversion, AppraiseItNow needs the custodian's FBO name and account, the custodian's form, the conversion date and the units converting. The FBO name is the exact title under which the custodian holds the asset for the benefit of the IRA owner. If only part of the IRA's holding is converting, the number of units converting has to be stated precisely, because that is the interest being valued.

### What can a CPA gather before the valuation begins?

The list below is a working aid for a CPA's own file. It is not a statement of everything an appraiser may ask for, and the documents AppraiseItNow needs for a business valuation are those stated in the first answer of this section.

- The filing the valuation supports: Form 709, Form 706, Form 8283 or a Roth conversion
- The interest as the CPA understands it: the company's name, the class of shares or units and the number or percentage
- The effective date, and for an estate, the decedent's name, the date of death and whether an alternate date is under consideration
- Financial statements or tax returns up to the valuation date
- The company agreement with all amendments
- Past appraisals of the company and any written offers
- For a donation, the charity, the contribution date and any other donation details the appraiser requests
- For a Roth conversion, the custodian's FBO name and account, the custodian's form, the conversion date and the units converting

### What happens if a fact cannot be confirmed before the filing deadline?

The appraisal standards (USPAP, 2024 edition (The Appraisal Foundation)) allow a limited, disclosed assumption. An appraiser may assume an uncertain fact is true (an extraordinary assumption) only when it's needed for credible results, there's a reasonable basis for it and the analysis stays credible, and the report must say so clearly. A hypothetical case: the transfer records for a family LLC are incomplete, but the signed operating agreement and recent tax filings both point to the same percentage. The appraiser would have to decide whether the conditions for an extraordinary assumption are met. If the appraiser does make one, the report states it plainly so the CPA and any reviewer can see it.

# Tax rules and deadlines that shape a private company valuation

## Gift of a business interest on Form 709

### How is a gift of a business interest valued?

The gift tax valuation regulation (Treas. Reg. § 25.2512-1) sets the measure and the date. A gift is valued at its fair market value on the date of the gift. An appraisal prepared after the gift can still apply to that date, because an effective date can be in the past.

### Why does adequate disclosure matter for a gift of a business interest?

The adequate disclosure regulation (Treas. Reg. § 301.6501(c)-1(f)) ties the review period to what the return discloses. The IRS's three years to challenge a gift's value only start if the return adequately discloses the gift. For hard-to-value property such as a business interest, an appraisal that meets the regulation covers the valuation part of that disclosure; the rest of the disclosure is still needed. The CPA therefore treats the appraisal as one component of the disclosure, not the whole of it.

### What does the gift appraisal have to contain?

The same regulation (Treas. Reg. § 301.6501(c)-1(f)) lists the contents. That appraisal gives the transfer date, the date of appraisal and its purpose; describes the property and the process; states its assumptions and limiting conditions; lists the information considered (for a business interest, all the financial data, in enough detail to replicate the value); and explains the method, why it was chosen, and the basis for the value. A CPA reading the report can check each of those elements in turn. The phrase "in enough detail to replicate the value" is the demanding one, because a reviewer should be able to follow the arithmetic from the financial data to the final number.

### How does the annual exclusion interact with a gift of a business interest?

The 2026 inflation adjustments (Rev. Proc. 2025-32) set the exclusion amount. For 2026, the first $19,000 of gifts to each person (not counting gifts of future interests) is excluded. The value of the interest given has to be established before anyone can measure the gift against that amount. Whether a particular gift of units is a gift of a future interest is a question for the tax adviser.

### When is the return for a 2026 gift due?

The Form 709 instructions (Instructions for Form 709 (2025)) set out the filing timing. 2026 gifts are reported on a return due April 15, 2027; an extension covers filing, not payment. The valuation timeline is planned back from that date.

## Business interest held at death on Form 706

### What date applies to a business interest owned at death?

The estate valuation regulation (Treas. Reg. § 20.2031-1) sets the general rule. Estate assets are valued at fair market value on the date of death. The appraiser uses the company's financial position and the terms of the company agreement as they stood on that date. Events after death, such as a sale of the company months later, are noted by the CPA and discussed with the appraiser so the report explains how they were treated.

### When can the executor use a later date?

The alternate valuation regulation (Treas. Reg. § 20.2032-1) permits a later date under conditions. The executor may instead elect the date six months after death, only if that lowers both the gross estate and the estate and generation-skipping transfer tax. The election covers every asset, and anything sold or distributed in those six months is valued on the day it was sold or distributed. Because the election covers every asset, a business interest cannot be valued at one date while the rest of the estate uses the other.

## Donation of a business interest on Form 8283

### When does a donation of a business interest need a qualified appraisal?

The charitable substantiation regulation (Treas. Reg. § 1.170A-16) sets the trigger. A deduction of more than $5,000 for one item, or for a group of similar items, generally needs a qualified appraisal and Form 8283 Section B. Similar items count together even when they went to different charities. Whether two donated interests are similar items is a determination the donor's tax adviser makes.

### When must the donation appraisal be signed?

The qualified appraisal regulation (Treas. Reg. § 1.170A-17) sets the signing window. The appraiser must sign and date the appraisal no earlier than 60 days before the donation and no later than the due date, with extensions, of the return that first claims the deduction. The donor must have it by that due date too. The donor and CPA plan the request so that the signed report arrives inside that window.

### Which valuation date applies to a donation appraisal?

The same regulation (Treas. Reg. § 1.170A-17) links the valuation date to the signing date. If the appraisal is dated before the donation, its valuation date must fall within the 60 days before the donation. If it is dated on or after the donation, the valuation date is the donation date. The contribution date is therefore fixed in writing before the valuation is finalized.

### Roth IRA conversion of a business interest

### How is a Roth conversion of a private company interest taxed?

The Roth conversion regulation (Treas. Reg. § 1.408A-4) sets the measure. A Roth conversion is taxed on the fair market value of the converted assets on the conversion date, less any after-tax basis. The custodian reports it on Form 1099-R. The valuation supplies the fair market value figure, and the IRA owner's tax adviser handles any after-tax basis.

### Does the custodian need a value again after the conversion?

The custodian reporting instructions (Instructions for Forms 1099-R and 5498 (2026)) describe an annual report as well. Separately, the custodian reports the account's December 31 value each year on Form 5498 (boxes 15a and 15b for hard-to-value assets). An IRA owner who holds a private company interest in a traditional or Roth IRA asks the custodian how it wants that year-end value supported, so the request is not a surprise in January.

## How a tax valuation of a closely held business interest is carried out

### Under what standard is the valuation prepared?

AppraiseItNow prepares every appraisal in accordance with USPAP, the Uniform Standards of Professional Appraisal Practice. USPAP governs how the appraiser develops the value and how the report communicates it. Tax filings add their own content and timing requirements, which are listed in the tax rules section above.

### Does the appraiser visit the business?

Most AppraiseItNow appraisals are completed remotely from photographs and documents; when an inspection is needed, an appraiser visits the asset in person. A business valuation rests mostly on documents: financial statements, tax returns, the company agreement and interviews with management. Whether a site visit adds anything depends on the company, for example one whose value depends heavily on physical equipment.

### What steps does a business valuation for tax generally follow?

The work moves from the whole company to the specific interest. The order below is typical, although the emphasis varies with the company.

1. Define the assignment: the interest, the effective date and the filing.
2. Confirm the interest against the company agreement and transfer records.

3. Analyze the financial statements or tax returns up to the effective date, and normalize them for unusual or nonrecurring items.
4. Consider the valuation approaches that fit the company: an income approach based on expected earnings or cash flow, a market approach based on comparable transactions, and an asset approach based on what the company owns and owes.
5. Reconcile the indications into a value for the company.
6. Analyze the rights and restrictions of the specific interest and arrive at its value.
7. Write the report, including the method, why it was chosen and the basis for the value.

### Why might the value of a 10 percent interest differ from 10 percent of the company's value?

A buyer of a small interest gets only the rights that come with it. If the agreement gives that holder no vote on distributions, no power to force a sale and restrictions on resale, a buyer would weigh those limits when deciding what to pay. A controlling interest carries more power over the company's direction. The appraiser examines those rights in the company agreement, and the report explains how they were reflected.

### Which approach does the appraiser rely on most?

It depends on the company. A profitable operating business is often analyzed mainly by its earnings, while a holding company that owns investments or equipment is often analyzed mainly by its assets and liabilities. The report explains which method was used and why, which is also what the gift tax adequate disclosure appraisal has to explain.

### Hypothetical worked example: a gift of LLC units

A hypothetical owner of a family LLC gives units representing 15 percent of the company to an adult child on March 2, 2026. Under the effective-date practice described above, the effective date is March 2, 2026, the date of the gift. The CPA assembles the LLC's statements through February 2026, the prior three years of returns, the operating agreement with amendments and the transfer document dated March 2, 2026. The report then gives the transfer date, the date of appraisal and its purpose and the other elements the adequate disclosure regulation lists, and the CPA completes the rest of the disclosure on the return. The gift is reported on a return due April 15, 2027.

### Hypothetical worked example: a donation of private company stock

A hypothetical donor plans to give shares of a closely held corporation to a charity on June 15, 2026, and the deduction to be claimed is over $5,000. Privately held stock follows the same rule as other property, so the claim needs a qualified appraisal and Section B. The appraiser signs and dates the report on May 1, 2026, which is no earlier than 60 days before the donation, with a valuation date of May 1, 2026, which falls within the 60 days before the donation. The donor has

the report before the due date, with extensions, of the return that first claims the deduction. Whether the deduction is allowed, and in what amount, is for the donor's tax adviser to determine.

### Hypothetical worked example: a Roth conversion of LLC units held in an IRA

A hypothetical IRA holds 2,000 units of a private LLC, and the IRA owner plans to convert 500 of them on September 1, 2026. Before the conversion date, the owner obtains the custodian's form and its valuation requirements, and provides the custodian's FBO name and account, the form, the conversion date and the 500 units converting. The valuation applies to the 500 units as of September 1, 2026, and the custodian reports the conversion on Form 1099-R. The owner also asks the custodian how it wants the December 31 value of the remaining holding supported.

### Hypothetical worked example: an estate holding a minority partnership interest

A hypothetical decedent owned a 30 percent interest in a partnership on the date of death. The executor and the estate's tax adviser are considering the alternate valuation date and ask for values at both the date of death and the date six months after death. The adviser decides whether the conditions for the election are met. If the election is made, it covers every asset, and anything sold or distributed in those six months is valued on the day it was sold or distributed.

### What questions should a CPA ask when reviewing the report?

A careful reading is quicker with a fixed set of questions:

- Does the report identify the exact interest, including class and number of units or shares, and does it match the company agreement?
- Is the effective date the one the filing requires, and is the report date stated separately?
- Are the financial data considered listed in enough detail for someone else to follow the value?
- Does the report state why the chosen method fits this company?
- Are any extraordinary assumptions stated clearly, and is the CPA comfortable with each one?
- For a gift, are the transfer date, the date of appraisal and the purpose stated?
- For a donation, is the signature date inside the window the regulation sets?

## About AppraiseItNow as the appraiser of business interests for tax filings

### What is AppraiseItNow?

AppraiseItNow is a tech-enabled appraisal company headquartered in New York City that prepares USPAP-compliant appraisals of personal property, fine art, machinery and equipment, vehicles, boats, inventory and closely held businesses for clients in all 50 states, remotely and in

person. AppraiseItNow is an appraisal company that prepares appraisals itself; it is not appraisal software and does not manage appraisal orders for lenders.

### Who owns and leads AppraiseItNow?

AppraiseItNow was founded in October 2021. Joe Kattan became involved as a co-owner in 2022 and acquired full ownership in November 2024. Joe Kattan is the owner and chief executive officer of AppraiseItNow.

### What credentials do AppraiseItNow's appraisers hold?

Between them, AppraiseItNow's appraisers hold ASA, ISA, AAA, CAGA, NACVA, NEBB Institute, ABV and CFA credentials. AppraiseItNow's appraisers specialize by asset class rather than by geography. For a tax filing, the CPA reviews the qualifications statement of the appraiser who signs the report against the rule that applies to that filing.

### What does AppraiseItNow not appraise?

AppraiseItNow does not appraise real estate.

### How much work does AppraiseItNow handle, and for what purposes?

AppraiseItNow delivered more than 1,100 appraisals in the 12 months to November 2026. Of the 1,226 appraisals AppraiseItNow opened between November 8, 2025 and November 8, 2026, 521 were for charitable donations, 175 for insurance (102 claims and 73 coverage), 144 for estates (61 probate, 46 estate tax and 37 estate settlement), 50 for divorce and 15 for Roth IRA conversions. By asset class, the same 1,226 appraisals included 377 vehicles, 323 general personal property, 174 machinery and equipment, 54 boats, 45 business inventory, 40 fine art and 39 business valuations.

### What are AppraiseItNow's appraisals commonly used for?

Common uses of AppraiseItNow's appraisals include charitable donations, gift and estate tax, estate settlement, divorce, insurance and lending. For a business interest, the tax uses covered here are gifts reported on Form 709, estates reported on Form 706, donations reported on Form 8283 and Roth IRA conversions reported by the custodian.

### What is AppraiseItNow's website?

AppraiseItNow's website is www.appraiseitnow.com.