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Valuing a Private Company Interest for Gift, Estate, Donation and Roth Conversion Filings: Date of Value, Appraiser Eligibility and Report Reliance Compared (2026)

AppraiseItNow Inc.

November 2026, version 1

Published by AppraiseItNow Inc., New York City. www.appraiseitnow.com

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Educational material, not an appraisal.

Scope of this 2026 comparison of private company valuations for tax filings

This study, dated 2026, compares the valuation of an interest in a privately held company across four tax purposes:

- A lifetime gift reported on Form 709.
- An estate reported on Form 706.
- A charitable donation supported on Form 8283.
- A Roth IRA conversion of an IRA that holds the interest.

It is written for three readers:

- A business owner who is giving away, donating or converting part of a company.
- A CPA or other tax adviser who has to place a value on the return.
- An IRA owner whose IRA holds a stake in a private company.

The study is limited to three questions that tend to cause the most trouble:

- On what date does the value apply?
- Who is permitted, or expected, to prepare the valuation?
- Who reads and relies on the report once it is delivered?

It does not teach valuation methods. It does not walk through income, market or asset approaches. It does not address how discounts for lack of control or marketability are measured. Those are matters of professional judgment inside each engagement, not differences between the four filings.

The subject throughout is an "interest." In this document, an interest means the specific slice of a company being transferred or measured. It may be a block of shares in a closely held corporation, a percentage of the membership units of an LLC, or a partnership interest. The same company can produce very different reports depending on which slice is valued and for which filing.

The publisher of this study 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 does not appraise real estate. This study does not discuss real estate.

Two terms recur throughout and are defined here.

The effective date is the date the value applies to. USPAP describes it this way: 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 (USPAP, 2024 edition). The report date is the date the report is signed and issued. The two are often months apart in tax work, because the event (a gift, a death, a donation, a conversion) usually comes before the appraiser writes.

Reliance, as used here, means the practical question of whose decisions or filings depend on the report. This includes the taxpayer, the return preparer, the executor, the custodian and the IRS reviewer who may later examine the number.

Criteria for comparing gift, estate, donation and Roth conversion valuations

Each of the four tax purposes is measured against the same three criteria. A short note on supporting information follows them.

Criterion one: the date the value applies to

This criterion asks which calendar date the fair market value must describe. It also asks whether that date is fixed by the event or can move. A valuation can be technically excellent and still be useless for the filing if it describes the wrong day.

Criterion two: who may prepare the valuation

This criterion asks whether the filing comes with stated limits on who can serve as appraiser. For example, a filing may exclude family members, employees or parties to the transaction, or may require credentials and experience. Where this study lists no such limit for a purpose, the comparison says so and does not supply one.

Criterion three: who reads and relies on the report

This criterion asks who receives the report and what they do with it. It also asks what consequences follow if the report does not meet their needs. For some purposes the main reader is the IRS. For a Roth conversion, the first reader is the IRA custodian, which has its own requirements.

Supporting point: what the appraiser needs to begin

The information needed to value a business interest is largely the same across all four purposes. The date the information must run to, however, changes with the date of value. This point is covered at the end of the study rather than treated as a separate criterion.

The four tax purposes compared as valuation options for a business interest

Each purpose is described below on its own terms before the criteria are applied side by side.

A gift of a business interest reported on Form 709

A business owner who transfers shares or units to a family member during life makes a gift. A gift is valued at its fair market value on the date of the gift (Treas. Reg. § 25.2512-1).

The gift tax return has a feature that gives the appraisal unusual weight. 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 (Treas. Reg. § 301.6501(c)-1(f)).

The content of such an appraisal is spelled out. 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 (Treas. Reg. § 301.6501(c)-1(f)).

The phrase "in enough detail to replicate the value" is worth dwelling on. It means a reader holding the report and its exhibits should be able to retrace the arithmetic from the financial data to the concluded value. A summary letter stating a number does not do that.

An estate holding a business interest reported on Form 706

When an owner dies holding a business interest, the interest becomes part of the estate. Estate assets are valued at fair market value on the date of death (Treas. Reg. § 20.2031-1).

The estate also carries an election that covers every asset. 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 (Treas. Reg. § 20.2032-1).

For a business interest, this means the executor may need to know the value on two dates before deciding whether the election is available. The election also cannot be made for the business interest alone, because it covers every asset in the estate.

A donation of a business interest supported on Form 8283

An owner may donate shares or units of a private company to a charity. 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 (Treas. Reg. § 1.170A-16).

The general rule behind that statement reads: 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 (Treas. Reg. § 1.170A-16). Whether two separate donated interests count as similar items is a determination the donor's tax adviser makes. This study does not make it.

The donation purpose has the most detailed timing rules of the four. 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 (Treas. Reg. § 1.170A-17).

The valuation date is tied 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 (Treas. Reg. § 1.170A-17).

A Roth IRA conversion of an IRA holding a business interest

Assume an IRA holds an interest in a private company. When the owner converts that IRA, or part of it, to a Roth IRA, the conversion has a tax cost. 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 (Treas. Reg. § 1.408A-4).

Unlike publicly traded holdings, a private company interest has no quoted price for the custodian to use. 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) (Instructions for Forms 1099-R and 5498 (2026)).

There is also a recurring reporting cycle that is separate from the conversion. Separately, the custodian reports the account's December 31 value each year on Form 5498 (boxes 15a and 15b for hard-to-value assets) (Instructions for Forms 1099-R and 5498 (2026)). A conversion valuation and a year-end valuation describe different dates and should not be confused. A report prepared for one date does not automatically answer the other.

Provider types considered for each purpose

Owners and advisers typically weigh four generic types of provider when a tax valuation of a private company interest is needed:

- An internal estimate prepared by someone inside the business, such as the owner, a family member who manages the books, or an employee in the finance function.
- A valuation prepared by the accounting firm that already prepares the company's returns.
- A report from an independent appraiser who has no role in the transaction. This may be a local practitioner who meets in person or an appraisal company that works largely from documents.

- A form or schedule supplied by an IRA custodian, completed with supporting material the owner obtains.

Which of these fits depends on the criteria below. Some are ruled out for particular purposes by the facts stated in this study.

Criterion-by-criterion comparison of dates, appraiser eligibility and reliance

Date of value: four events, four different anchors

All four purposes describe fair market value. Each, however, anchors that value to a different event. AppraiseItNow states its practice for all of these in a single rule: 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.

Applied to the four tax purposes, the anchors are as follows.

Gift. The anchor is the date of the gift. If several gifts of units are made on different dates during a year, each transfer has its own date. The appraiser needs to know whether one date or several are being valued.

Estate. The anchor is the date of death, with a possible alternate date six months later. The alternate date applies only under the condition the regulation states, and then to every asset. Assets sold or distributed within the six months take the date of sale or distribution instead. A business interest sold by the estate four months after death would therefore carry a sale-date value if the election were made.

Donation. The anchor is the contribution 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 donation appraisal must also be signed no earlier than 60 days before the donation.

Roth conversion. The anchor is the conversion date. The custodian's separate December 31 reporting introduces a second, unrelated date each year.

The practical lesson is that the date of value is a fact to be confirmed before work begins, not a detail to fill in later. For a gift, the date of value is the date of the gift. For an estate, it is the date of death, and the executor decides whether the alternate date is also tested. For a donation, it is the contribution date, subject to the rule for appraisals dated before the donation. For a conversion, the date of value is the conversion date.

Who may appraise: from detailed rules to custodian discretion

The four purposes differ sharply on this criterion, ranging from specific stated exclusions to requirements set entirely by a private institution.

Gift. The regulation on adequate disclosure states: 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 (Treas. Reg. § 301.6501(c)-1(f)). Under this rule, an internal estimate by the owner who is making the gift cannot serve as the appraisal for adequate disclosure. The same is true of an estimate by the owner's child who receives the units, or by a bookkeeper the owner employs. The second half of the rule matters too. An adviser who is independent but does not hold themselves out as an appraiser or perform appraisals regularly does not meet it.

Donation. The charitable rules are the most detailed. 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 (Treas. Reg. § 1.170A-17).

Two features stand out for business interests:

- The designation, or the coursework and experience, must relate to "that type of property." Whether a particular appraiser's designation or experience meets that requirement for a donated interest is a determination for the donor's tax adviser, not one this study makes.
- The list of excluded parties is wider than the gift list. It includes the charity and whoever sold or gave the donor the property. An owner who received units from a parent and later donates them would need an appraiser who is neither the owner, the charity, the parent, nor anyone related to or employed by any of them.

Estate. No appraiser eligibility rule for Form 706 is listed in this study. The executor and the executor's adviser therefore confirm any requirement outside the material presented here.

Roth conversion. Here the gatekeeper is the custodian, not a regulation listed in this study. Each custodian sets what it needs, often its own form and often an independent valuation. The practical step is to obtain the custodian's current form and requirements before engaging anyone.

Across the provider types described earlier, the picture is as follows:

- An internal estimate is excluded outright for gift adequate disclosure and for a qualified appraisal when the preparer falls within a listed excluded group. For an estate, this study lists no eligibility rule, and for a conversion the custodian's requirements govern.
- An accounting firm valuation is usable where the firm and its individual appraiser meet the stated tests for the purpose and are not within an excluded group.

- For a gift and a donation, an independent appraiser who meets the stated qualification and independence tests fits the rules listed. An in-person local appraiser and a document-based appraisal company are both of this type. The difference between them is how the work is gathered, not which of these rules apply. For an estate, no appraiser rule is listed in this study. For a conversion, the custodian's requirements govern.

Who relies on the report: the IRS, the executor, the donor or the custodian

The third criterion concerns the audience, and the audience shapes what the report must do.

Gift. The principal reliance runs to the IRS, through the adequate disclosure regime. The donor and the return preparer rely on the report to complete Form 709. The IRS relies on it, or on its absence, in deciding whether the three-year period to challenge the value has started. A report missing elements from the regulation's list, such as the financial data in enough detail to replicate the value, may fail to cover the valuation part of the disclosure. The cost of that gap is not immediate. It appears later, as a period for challenge that never began running. Donees also have a practical interest, since the reported value often becomes a reference point in later family transactions.

Estate. The executor is the first reader. The executor uses the report to complete Form 706 and to decide whether the alternate valuation election is available, which requires comparing values across every asset. Beneficiaries rely on the values indirectly, because distributions and any equalization among heirs often follow them. The IRS is the eventual reviewer. Because the executor's decision about the alternate date turns on totals, the business valuation is one input into a larger estate-wide comparison, not a stand-alone answer.

Donation. The donor and the donor's tax adviser rely on the report to complete Form 8283 Section B and to support the deduction claimed. The timing rule makes reliance time-sensitive: the donor must have the appraisal by the due date, with extensions, of the return that first claims the deduction. The IRS is the eventual reviewer. Whether a hypothetical deduction is allowed, or in what amount, is outside the appraisal. That determination belongs to the donor's tax adviser.

Roth conversion. The custodian relies on the valuation to report the conversion on Form 1099-R. The custodian may also use valuations to report December 31 values on Form 5498. The IRA owner relies on the reported figure when preparing the personal return, since the conversion is taxed on the value on the conversion date, less any after-tax basis. The IRS is the eventual reviewer through those information returns. In this purpose an intermediary institution, the custodian, stands between the appraiser and the IRS and sets its own requirements.

Handling uncertain facts in a tax valuation

In all four purposes, an appraiser sometimes faces a fact that cannot be confirmed when the report is written. A common example is an ownership percentage that differs between the operating agreement and the tax return schedules. USPAP addresses this: 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 (USPAP, 2024 edition).

The audience criterion matters here. An extraordinary assumption is disclosed to every reader. The executor, the custodian or an IRS reviewer will see it. It is usually better to resolve the underlying fact before the report is finalized than to carry the assumption into a tax filing.

Hypothetical worked example: one company, four filings

The following example is hypothetical. It describes a fictional manufacturing company, referred to here as the company, organized as an LLC. All dates are in 2026 unless stated.

The hypothetical gift. A member holding 40 percent of the units assigns 5 percent to an adult child by an assignment effective March 2. The date of value is March 2, the date of the gift. The appraiser cannot be the member, the child, a member of either's family, or anyone either of them employs. The report's elements follow the adequate disclosure list, including the company's financial data in enough detail that a reviewer could replicate the value.

The hypothetical donation. The same member donates a separate 5 percent of units to a charity, with the transfer completed June 15.

- Path one: the appraiser signs and dates the report on May 20 with a valuation date of May 15. The valuation date falls within the 60 days before the donation, as the rule requires when the appraisal is dated before the donation.
- Path two: the appraiser signs on July 10. The valuation date is the donation date, June 15.

On either path, the donor must have the appraisal by the due date, with extensions, of the return that first claims the deduction. Whether this donation and any other donated interest count together as similar items, and what deduction results, are questions for the donor's tax adviser.

The hypothetical Roth conversion. A different member's IRA holds 10 percent of the units. The member converts the IRA to a Roth IRA with a conversion date of September 1. The date of value is September 1. Before the appraisal starts, the member obtains the custodian's form and its requirements for supporting a value. Separately, the custodian will report the account's December 31 value on Form 5498. That is a different date from the conversion, and the September 1 report does not describe it.

The hypothetical estate. A third member holding 20 percent dies on February 10. The date of value is February 10. The executor also asks for a value as of the date six months after death, to test whether the alternate valuation election is available. The election is available only if it lowers both the gross estate and the estate and generation-skipping transfer tax, and it would cover every asset in the estate. If the estate sold the units to the other members within those six months and the election were made, the units would be valued on the day of the sale.

The example shows the same company producing four reports, with four different dates of value and four different sets of readers. In a closely held company where members' actions overlap, the financial statements must run to each date separately. A March gift valuation cannot be reused for a September conversion simply because the company is the same.

Summary table of valuation requirements for gift, estate, donation

and Roth conversion

Criterion	Gift (Form 709)	Estate (Form 706)	Donation (Form 8283)	Roth conversion (Form 1099-R)
Date of value	Date of the gift	Date of death; executor may elect six months after death under the stated condition	Contribution date, or within the 60 days before it if the appraisal is dated before the donation	Conversion date
Alternative date	None stated in this study	Election covering every asset; assets sold or distributed in the six months take that day	Valuation date within the 60 days before the donation when the appraisal is dated before it	None stated; December 31 Form 5498 values are a separate date
Stated limits on the appraiser	Not the donor, a donee, either's family, or someone they employ; holds out as or regularly performs appraisals	None listed in this study	Qualified appraiser tests; excludes donor, charity, the person who sold or gave the property, and anyone related to or employed by them	Set by the custodian, often an independent valuation
Report signing timing	Not listed in this study	Not listed in this study	No earlier than 60 days before the donation and no later than the return due date, with extensions	As the custodian requires
Primary reader	IRS, through adequate disclosure; donor and preparer	Executor; then IRS; beneficiaries indirectly	Donor and tax adviser; then IRS	Custodian; IRA owner; then IRS
Main risk of a weak report	Three-year challenge period may not start	Election decision and estate totals rest on an unsupported value	Requirement for a qualified appraisal not met	Custodian may not accept the value
Content emphasis	Elements listed in the adequate disclosure regulation, including financial data in enough	Value on each date the executor needs	Qualified appraisal content and qualified appraiser	Custodian's form and support

Criterion	Gift (Form 709)	Estate (Form 706)	Donation (Form 8283)	Roth conversion (Form 1099-R)
	detail to replicate the value			

Choosing a valuation approach for a private company interest by tax purpose

The choice is not between the four tax purposes, since the transaction determines the purpose. The choice is how to set up the valuation so that it fits the purpose's date, appraiser rules and readers. The steps below follow the three criteria.

Settling the date of value before engagement

Identify the event and its document:

- For a gift, the date of the gift, and the assignment or stock transfer record that documents it.
- For an estate, the date of death, and whether the executor wants the alternate date tested.
- For a donation, the contribution date, and whether the appraisal will be signed before or after it.
- For a Roth conversion, the conversion date.

Then confirm that the financial statements available run to that date. A year-end balance sheet may be close to a January gift but far from a September conversion. Interim statements can close the gap.

Matching the provider to the appraiser rules

For a gift intended to meet adequate disclosure, or a donation needing a qualified appraisal, check the preparer against each stated exclusion and qualification. Pay particular attention to family relationships and employment. In closely held companies, the people who know the numbers best are often the ones excluded. For a donation of a business interest, the designation, or the coursework and experience, must be for that type of property, and the donor's tax adviser decides whether a given appraiser meets that requirement.

For an estate, this study lists no appraiser eligibility rule, so the executor's adviser confirms any requirement. For a conversion, start with the custodian's written requirements.

AppraiseItNow describes its own appraisers this way. AppraiseItNow's appraisers specialize by asset class rather than by geography. Between them, AppraiseItNow's appraisers hold ASA, ISA, AAA, CAGA, NACVA, NEBB Institute, ABV and CFA credentials. Readers comparing providers can set any provider's stated credentials against the qualification tests for the specific purpose.

Designing the report for its readers

A report for gift adequate disclosure should be checked against the regulation's element list before it is filed. Confirm it states the transfer date, the date of appraisal and its purpose, the assumptions and limiting conditions, the information considered with financial data in replicable detail, and the method and its basis.

A report for an executor should state the value on each date the executor needs. A report for a donation should be timed within the signing window. A report for a conversion should be prepared with the custodian's form in hand, so that the custodian's fields are answered directly.

AppraiseItNow's activity in this area can be put in context with its own counts. 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 AppraiseItNow collects for a business valuation

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.

That last point deserves practical attention. Percentages change through prior gifts, redemptions, capital calls and admissions of new members. The operating agreement's schedule of members is often out of date. Reconciling the percentage against the most recent tax return schedules and any transfer documents before the appraisal starts avoids carrying an extraordinary assumption into a tax filing.

For a conversion, the list adds custodian details. 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. AppraiseItNow collects what the appraiser needs before the appraisal starts, and asks only for what the appraiser needs.

On process, AppraiseItNow states that clients request an appraisal from AppraiseItNow online and receive a fixed-fee quote before any work begins; AppraiseItNow does not bill hourly. It also states that most AppraiseItNow appraisals are completed remotely from photographs and documents; when an inspection is needed, an appraiser visits the asset in person. For a business interest, the documents listed above usually carry most of the analysis. A site visit is a judgment the appraiser makes for the particular company. AppraiseItNow's website is www.appraiseitnow.com.

Review questions for owners, CPAs and IRA owners

- What event triggers this valuation, and what document fixes its date?
- For an estate, does the executor need values on both the date of death and the date six months after death?
- For a donation, will the appraisal be signed before or after the contribution, and does the planned signing date fall within the window the regulation states?
- For a conversion, has the custodian's current form been obtained, and does the custodian specify who may prepare the supporting valuation?
- Is the proposed appraiser outside every excluded group for a gift or donation, including family and employment relationships?
- For a donated interest, has the donor's tax adviser confirmed that the appraiser's designation, or coursework and experience, is for that type of property?
- Has the ownership percentage been reconciled across the company agreement, the tax returns and any transfer documents?
- Do the financial statements run to the date of value, or are interim figures needed?
- Who will read the finished report first, and does its content answer that reader's specific needs?
- Has the tax adviser, not the appraiser, been asked to determine any question about similar items or about the amount of a deduction?