APPRAISEITNOW

Donating Closely Held Stock or LLC Interests to Charity: The Qualified Appraisal Above $5,000 and the Signing Window (2026 Field Guide)

AppraiseItNow Inc.

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Educational material, not an appraisal.

Who this guide to donating closely held stock and LLC interests is for

This field guide, published by AppraiseItNow Inc. in 2026, covers one transaction. A donor gives shares of a privately held corporation, units of a limited liability company, or an interest in a partnership to a charity or to a donor-advised fund. The donor intends to claim a deduction of more than $5,000.

The guide explains three things:

- What the appraisal must be.
- Who may sign it.
- The window of dates within which it must be signed.

It does not tell you whether a deduction is allowed or how much is deductible. Those questions belong to your tax adviser. It is written so that the appraisal side of the work arrives complete, on time and signed by the right person.

Readers this guide serves

- **Business owners** who give part of their company to charity ahead of a sale, during a recapitalization, or as a planned gift.
- **LLC members and partners** who give units or a percentage interest rather than cash.
- **CPAs and tax preparers** who will prepare Form 8283 Section B and need to know what to request from the appraiser and when.
- **Gift officers and donor-advised fund staff** who receive private company interests and want the donor's documentation to be in order.
- **Family members and advisers** helping an older owner carry out a charitable plan.

Terms used in this guide

- **Closely held interest.** Stock, LLC units or a partnership interest in a company whose ownership is not traded on a public exchange. This guide also calls these private company interests.
- **Donated interest.** The exact block being given: a number of shares, a number of units, or a stated percentage. It is not the whole company.
- **Donation date.** The day the transfer to the charity or fund is complete. Your attorney or tax adviser confirms this date from the transfer documents, such as a stock power, an assignment of units, or an updated company ledger.
- **Qualified appraisal.** The appraisal report that supports a noncash deduction above the threshold described in the next section.

- **Qualified appraiser.** The person who signs the qualified appraisal and who meets the qualification and independence requirements described below.
- **Signing date.** The date the appraiser signs and dates the appraisal.
- **Valuation date.** The date the value applies to. Appraisers also call this the effective date.
- **Signing window.** In this guide, the span of dates within which the appraiser's signing date must fall.
- **Donor-advised fund.** An account held by a sponsoring organization. The donor contributes assets to the account and later recommends grants from it.

About the publisher of this guide

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 prepares every appraisal in accordance with USPAP, the Uniform Standards of Professional Appraisal Practice. 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. AppraiseItNow does not appraise real estate. AppraiseItNow's website is www.appraiseitnow.com.

For context on how common donation work is, the publisher's own records show the following. 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.

The rules that apply to a donated private company interest over $5,000

This section states the rules exactly as they apply to the appraisal. The practical meaning of each rule follows it.

The $5,000 threshold and private company interests

The general substantiation rule appears in the noncash contribution regulation (Treas. Reg. § 1.170A-16). 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.

The same regulation treats private company interests the same way as other property (Treas. Reg. § 1.170A-16). 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 this means in practice:

- If you are working from an older checklist, a firm memo or a prior year's file that refers to a $10,000 figure for private stock, set it aside for current gifts. The figure that matters for a current donation of a closely held interest is the one stated above.
- The rule does not change with the legal form of the company. A corporation's shares, an LLC's units and a partnership interest are all treated the same for this purpose.
- If you are giving more than one block of the same company, or blocks of related companies, during the year, your tax adviser determines whether those blocks are similar items. This guide does not make that determination.

The signing window for the qualified appraisal

The timing requirement comes from the qualified appraisal regulation (Treas. Reg. § 1.170A-17). 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 window has two ends, and each end creates a different practical risk.

- **The early end.** An appraisal ordered months before a planned gift can be signed too early. This often happens when the donation date slips because the charity's acceptance review, a board consent or a transfer document takes longer than expected. Each week of delay moves the early end of the window forward.
- **The late end.** An appraisal ordered after the donation must be signed, and in the donor's hands, by the due date with extensions of the return that first claims the deduction. Your tax adviser confirms which return that is and what its due date will be. Ask the adviser for that date in writing at the start, so the appraiser and the donor are working toward the same deadline.

The valuation date that goes with each signing date

The same regulation ties the valuation date to the signing date (Treas. Reg. § 1.170A-17). 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.

USPAP adds a reporting requirement for that date (USPAP, 2024 edition). 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.

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.

The practical point is that a donation appraisal carries two dates, and both are tested. A report that is signed inside the window but values the company as of a date outside the 60 days before the donation does not fit the rule as stated. Neither does a report that values the right date but is signed too early.

Who may sign the appraisal

The qualified appraiser requirements are also in the qualified appraisal regulation (Treas. Reg. § 1.170A-17). 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.

Three practical consequences follow for private company interests:

- **The qualification is specific to the property type.** An appraiser's experience with equipment or artwork does not by itself show experience valuing business interests. Ask about business valuation credentials, coursework and experience in particular.
- **The excluded list reaches back in the chain of ownership.** If the donor received the shares from a parent, a former partner or a seller, that person is excluded, and so is anyone related to or employed by that person.
- **Company insiders deserve a close look.** A company's own staff, its outside accountant or a family member with finance training may know the business well. Before engaging anyone with a working or family tie to the donor, the charity or the person who transferred the shares to the donor, raise the tie with your tax adviser.

When a fact is uncertain at the time of the appraisal

Private company donations often happen while some facts are still settling, such as a pending unit issuance or an unsigned amendment to the operating agreement. USPAP governs how the appraiser handles that (USPAP, 2024 edition). 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.

If your report contains an extraordinary assumption, read it with your tax adviser. Confirm that the assumed fact turned out to be true by the donation date, and keep the document that shows it.

Step by step from donation plan to signed qualified appraisal

The steps below follow the order in which the work is done. Each step names who usually handles it.

Step 1: Define the donated interest precisely (donor and attorney)

Write down exactly what is being given:

- The legal name of the company and its form (corporation, LLC or partnership).
- The class of shares or units, if there is more than one class.
- The number of shares or units being given.
- The total shares or units outstanding as of the planned donation date.
- The resulting percentage.

State the gift in shares or units, and calculate the percentage from the current capitalization table. Do not start from a remembered percentage.

Worked example (hypothetical). The owner of a regional distribution company believes she owns 25% of the LLC and plans to give "5% of the company" to a donor-advised fund. Her records show 25,000 units in her name. When her attorney pulls the current unit ledger, a prior issuance to an outside investor has brought total units to 111,111. Her 25,000 units are about 22.5% of the company, not 25%. A gift of 5,000 units is about 4.5%, not 5%. If the appraisal had been ordered for "5% of the company," it would have valued the wrong interest. Describing the gift as 5,000 Class A units, out of 111,111 outstanding, removes the ambiguity.

Step 2: Fix the planned donation date and the return deadline (donor, attorney and tax adviser)

Agree on a target donation date, and identify what document will complete the transfer. Then ask your tax adviser two questions:

- Which return will first claim the deduction?
- What is that return's due date, with extensions?

Those two dates, the donation date and the return due date, frame the signing window.

Step 3: Decide whether the appraisal will be signed before or after the donation (donor and tax adviser)

Both approaches can fit the timing rule. They trade different risks.

Signed before the donation. The donor and the charity know the appraised value before the transfer. The risk is that the donation date slips. If it slips far enough, the signing date falls earlier than 60 days before the donation, or the valuation date falls outside the 60 days before

the donation.

Signed on or after the donation. The valuation date is the donation date, so a delayed transfer does not undo the appraisal. The risk is the late end of the window. The report must be signed, and in the donor's hands, by the return due date with extensions.

Worked example (hypothetical). An owner of a family manufacturing company plans to give a block of shares to a community foundation on October 15, 2026. Counting back, 60 days before October 15, 2026 is August 16, 2026. The appraisal is signed on October 1, 2026, with a valuation date of September 30, 2026. The signing date is 14 days before the donation, and the valuation date is 15 days before it. Both fall inside the 60 days before the donation, as the rule requires. The owner should still keep the transfer on schedule. If the gift slipped into January 2027, the October 1 signing date would fall earlier than 60 days before the donation.

Worked example (hypothetical). A partner gives a partnership interest to a donor-advised fund on December 18, 2026, and orders the appraisal afterward. The appraiser signs in March 2027. Because the report is dated after the donation, the valuation date is December 18, 2026. The report must be signed no later than the due date, with extensions, of the return that first claims the deduction, and the partner must have it by that date. The partner's tax adviser confirms that due date.

Worked example (hypothetical). A shareholder had an appraisal signed on June 1, 2026, with a valuation date of May 31, 2026, in anticipation of an October 15, 2026 gift. June 1 is earlier than 60 days before October 15. May 31 is not within the 60 days before the donation. The report falls outside the window as the rule is stated. What follows from that is a question for the shareholder's tax adviser.

The three hypotheticals side by side:

Hypothetical	Donation date	Signing date	Valuation date	Applying the timing rule as stated
Signed before the gift	October 15, 2026	October 1, 2026	September 30, 2026	Signed no earlier than 60 days before the donation; valuation date within the 60 days before the donation
Signed after the gift	December 18, 2026	March 2027	December 18, 2026	Dated after the donation, so the valuation date is the donation date; must be signed and in the donor's hands by the return due date with extensions
Signed too early	October 15, 2026	June 1, 2026	May 31, 2026	Signed earlier than 60 days before the donation; outside the window

A practical buffer helps. Avoid scheduling a signing date on or near the 60-day boundary. If the transfer date is uncertain, signing after the donation removes the early-end risk entirely.

Step 4: Assemble the company documents (donor and company's accountant)

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.

A working checklist for a donated closely held interest:

- The description of the donated interest from Step 1, in shares or units and as a percentage.
- The valuation date, or the planned donation date if the report will be signed after the gift.
- Financial statements or business tax returns for the years leading up to the valuation date. Include interim statements for the current year if the valuation date falls mid-year.
- The company agreement: the operating agreement, partnership agreement, or the bylaws and any shareholder agreement. Include amendments.
- The current capitalization table or unit ledger.
- Any prior appraisals of the company or of interests in it.
- Any offers, letters of intent or term sheets from prospective buyers or investors.
- A short written description of the business: what it sells, to whom, key customers, and any changes since the last financial statements.

AppraiseItNow collects what the appraiser needs before the appraisal starts, and asks only for what the appraiser needs. Starting with a complete package keeps the signing date under the donor's control rather than waiting on missing records.

Step 5: Confirm the appraiser's qualification and independence (donor and tax adviser)

Before engagement, confirm in writing:

- The appraiser's designation, or coursework and experience, in valuing business interests.
- That the appraiser regularly performs paid appraisals.
- That the appraiser is not the donor, the charity, the person who sold or gave the donor the interest, or anyone related to or employed by any of them.

Keep the written confirmation with the tax file.

Step 6: Let the appraiser analyze the interest (appraiser)

The appraiser values the specific interest, not just the company. A minority block of units in an LLC can be worth a different amount per unit than a controlling block, because the holder of a small interest usually cannot direct distributions, sell the company or force a buyout. The

company agreement matters because it sets those rights. Transfer restrictions, rights of first refusal, buy-sell formulas and voting provisions all shape what a holder of the donated interest can do with it.

During this stage, expect questions about unusual items in the financial statements. Examples include owner compensation that differs from market levels, one-time gains or losses, related-party leases and nonoperating assets held inside the company. Prompt answers keep the timeline intact.

Step 7: Review the draft for facts, not for value (donor and tax adviser)

When a draft or final report arrives, check the facts:

- Company name, entity form and class of interest.
- Number of shares or units and the percentage.
- Valuation date and signing date, checked against the window.
- Any extraordinary assumptions, and whether each assumed fact has since been confirmed.
- The description of the company agreement provisions the appraiser relied on.

Factual corrections are routine. A request to reach a particular value is not, and a credible appraisal does not accommodate one.

Step 8: Deliver the report to the tax adviser and keep the file (donor)

Give the signed report to the tax adviser who will prepare Form 8283 Section B. Make sure you have the report in hand by the return due date, with extensions. Keep a file with the report, the transfer documents, the capitalization table as of the donation date, and the written confirmation of the appraiser's qualifications.

Special situations in donations of business interests

Donating shares shortly before a sale of the company

Owners often give part of a company to charity while a sale is being negotiated. Two appraisal points arise.

First, offers and letters of intent are relevant information for the appraiser. Provide them even if the deal is not final. The appraiser considers how likely the deal was to close as of the valuation date and on what terms.

Second, the timing questions in a pre-sale gift go beyond the appraisal. When the gift is complete, and how the pending deal affects the tax treatment, are matters for your attorney and tax adviser. Settle them before the transfer documents are signed. The appraisal follows whatever donation date they confirm.

Worked example (hypothetical). An owner of a software services company signs a letter of intent with a buyer in August 2026 and transfers 8% of the company's shares to a donor-advised fund in September 2026. The appraiser receives the letter of intent, the draft purchase agreement and the company's financial statements. The report explains how the pending transaction was considered as of the donation date. Whether and how the deduction is allowed is for the owner's tax adviser.

Blocks to more than one charity or fund in the same year

A donor may give units to a university, to a local foundation and to a donor-advised fund in the same year. The rule quoted earlier states that similar items count together even when they went to different charities (Treas. Reg. § 1.170A-16). Whether blocks of the same company, or of related companies, are similar items is your tax adviser's determination.

From the appraisal side, coordinate the dates. If the blocks are given on different dates, each gift has its own donation date, and each needs a valuation date and signing date that fit the window for that gift. Ask the appraiser whether one engagement can address several gifts, and make sure each gift's dates are stated separately.

A donor-advised fund as the recipient

The rules in this guide are stated for donated property. How they apply when the recipient is a donor-advised fund sponsor is a question for your tax adviser. In practice, two things are worth doing:

- Ask the fund's sponsor early what it needs to accept a private company interest, because the sponsor's acceptance steps can affect the donation date.
- When checking the appraiser's independence, apply the rule as stated earlier: 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). How that rule applies to the fund's sponsor and its employees is a question for your tax adviser.

An existing valuation of the company

Many private companies already have a valuation on file. It might come from a buy-sell agreement, a lender, a prior gift to family members or an investor round. That report is useful input, and the appraiser should see it. It is tested against the donation timing rule like any other report: its signing date and valuation date either fit the window for this gift or they do not. It also may value a different interest, use a different date, or have been prepared by someone the independence rule excludes.

Shares given to family and to charity in the same year

Owners sometimes combine a charitable gift with gifts of shares to children or a trust. Those family gifts follow a separate set of rules for gift tax returns. The valuation standard for the family gift is stated in the gift tax regulation (Treas. Reg. § 25.2512-1). A gift is valued at its fair market value on the date of the gift.

The two transfers can use different dates. Under the effective date practice quoted earlier, a donation is valued at the contribution date, and a gift at the date of the gift. If the dates differ, ask for each report, or each section of one report, to state its own effective date.

On disclosure, the gift tax regulation says the following (Treas. Reg. § 301.6501(c)-1(f)). 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.

LLC and partnership interests with transfer restrictions

Operating and partnership agreements often limit transfers. A member may need consent from the manager or other members to transfer units. Send the appraiser the full agreement with all amendments, and any consent or admission documents signed for this gift. Have your attorney review the agreement's transfer provisions. They affect whether and when the transfer to the charity is complete, which is a question for your attorney. They also bear on what rights the charity actually holds, which the appraiser considers in valuing the interest.

Facts that are still moving on the valuation date

A capitalization table being updated, an amendment not yet signed, or a year-end close not yet finished can each leave a fact uncertain. As described in the rules section, an appraiser may use an extraordinary assumption only under the conditions USPAP sets, and the report must say so clearly (USPAP, 2024 edition). The better course is to resolve the fact before signing when the window allows. Where that is not possible, document afterward that the assumed fact was true.

Questions to settle before ordering a valuation of donated shares or units

Work through these questions with your tax adviser and attorney before the appraisal is ordered. Each one prevents a common delay or error.

1. **What exactly is being given?** Name the entity, the class, the number of shares or units, the total outstanding, and the percentage, all taken from current records.
2. **What document completes the transfer, and on what date?** Identify the stock power, assignment or ledger entry, and the date your attorney treats as the donation date.

3. **Will the appraisal be signed before or after the donation?** Choose based on how firm the donation date is and how much time remains before the return due date.
4. **Which return first claims the deduction, and when is it due with extensions?** Get this from your tax adviser in writing.
5. **Is more than one gift of related property planned this year?** If so, your tax adviser decides how the gifts relate under the similar items rule. Each gift needs its own dates.
6. **Who transferred the interest to you?** If you received it by gift or purchase, that person and anyone related to or employed by that person cannot be the appraiser.
7. **Does anyone on the proposed appraisal team have a tie to you, the charity or the prior owner?** Resolve it before engagement.
8. **Are the financial statements current through the valuation date?** If the valuation date falls mid-year, interim statements may be needed.
9. **Is the company agreement complete?** Collect every amendment, consent and side letter that affects the donated interest.
10. **Are there offers, letters of intent or prior appraisals?** Gather them, even if they are informal or out of date.
11. **Is any fact still uncertain?** List it, and decide whether to resolve it before the signing date.
12. **Are family gifts planned in the same year?** If so, plan separate effective dates and coordinate the gift tax work with your adviser.

On the ordering process itself, the publisher's practices are as follows. Clients request an appraisal from AppraiseItNow online and receive a fixed-fee quote before any work begins; AppraiseItNow does not bill hourly. Most AppraiseItNow appraisals are completed remotely from photographs and documents; when an inspection is needed, an appraiser visits the asset in person. For a closely held business interest, the documents in Step 4 are the core of the file.

Summary of the qualified appraisal and signing window for donated business interests

- 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 (Treas. Reg. § 1.170A-16). The older $10,000 figure for nonpublicly traded stock does not apply to gifts after July 30, 2018.
- Your tax adviser decides whether several blocks are similar items. Similar items count together even when they went to different charities.
- The appraiser signs and dates the report 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. You must have the report by that due date (Treas. Reg. § 1.170A-17).

- A report dated before the donation needs a valuation date within the 60 days before the donation. A report dated on or after the donation uses the donation date as its valuation date (Treas. Reg. § 1.170A-17).
- The appraiser must be qualified for business interests and regularly do paid appraisals. The appraiser cannot be you, the charity, the person who sold or gave you the interest, or anyone related to or employed by any of them (Treas. Reg. § 1.170A-17).
- The report states both its effective date and its report date (USPAP, 2024 edition).
- Describe the gift in shares or units from current records. The ownership percentage is the fact most often wrong.
- Settle the donation date, the return due date and the before-or-after signing choice before ordering. Keep the signing date away from the edges of the window.
- Leave questions of deductibility, transfer timing, pending sales and the treatment of a donor-advised fund sponsor to your tax adviser and attorney. The appraisal's job is to state a credible value of the right interest, as of the right date, signed within the window.

Review questions

1. A donor gives LLC units on November 20, 2026, and the appraiser signs on November 5, 2026. What does the rule require of the valuation date?
2. The same donor's transfer slips to February 2027. What should the donor check about the November 5 signing date?
3. A report is signed after the donation. What is its valuation date, and what is the latest date it may be signed?
4. A donor received shares from a parent years ago. Can the parent's longtime bookkeeper prepare the appraisal?
5. A donor gives units to two different charities in the same year. Who decides whether those gifts are similar items?

Answers, applying the rules as stated:

1. It must fall within the 60 days before November 20, 2026.
2. Whether November 5, 2026 is still no earlier than 60 days before the new donation date. A February 2027 transfer would put it outside that range.
3. The donation date. The latest signing date is the due date, with extensions, of the return that first claims the deduction, which the tax adviser confirms.
4. The rule excludes whoever gave the donor the property and anyone employed by that person. Raise the bookkeeper's tie with the tax adviser before engagement.
5. The donor's tax adviser.