2006 Pension Protection Act - Qualified Conservation Contributions

The Pension Protection Act of 2006 encourages individual and corporate taxpayers to make donations of capital gain real property for conservation purposes. In the case of individuals, the Pension Act raises the charitable deduction limit from 30 percent of adjusted gross income to 50 percent of adjusted gross income for qualified conservation contributions.

The charitable deduction limit increases to 100 percent of adjusted gross income for eligible farmers and ranchers. We have reviewed your return and find that you may be eligible for the increased deduction limit. A qualified farmer or rancher is a taxpayer whose gross income from farming is greater than 50 percent of the taxpayer's total gross income. A corporation is eligible if its stock is not readily tradable on an established market at any time during the year of the contribution, and a contribution of property which is used in agricultural or livestock production remains available for such production.

A qualified conservation contribution is a contribution of a qualified real property interest made to a qualified organization or that is exclusively for conservation purposes that are protected in perpetuity. The contribution may consist of all of the owner's interest in the property, except for certain mineral interests, or it may be limited to an easement or restrictive covenant that prevents the development of land, safeguarding its natural character. Conservation contributions can also preserve a historically significant land area or structure.

Exceptions to the general rule prohibiting a deduction for the contribution of a partial interest in property enable a donor to take a deduction for the contribution of a remainder interest in a personal residence or farm.

If you would like more information regarding the qualified conservation contribution, or other provisions of the Pension Act, please call our office at your earliest convenience.