CUSHMAN & WAKEFIELD

TRUSTS & ESTATES

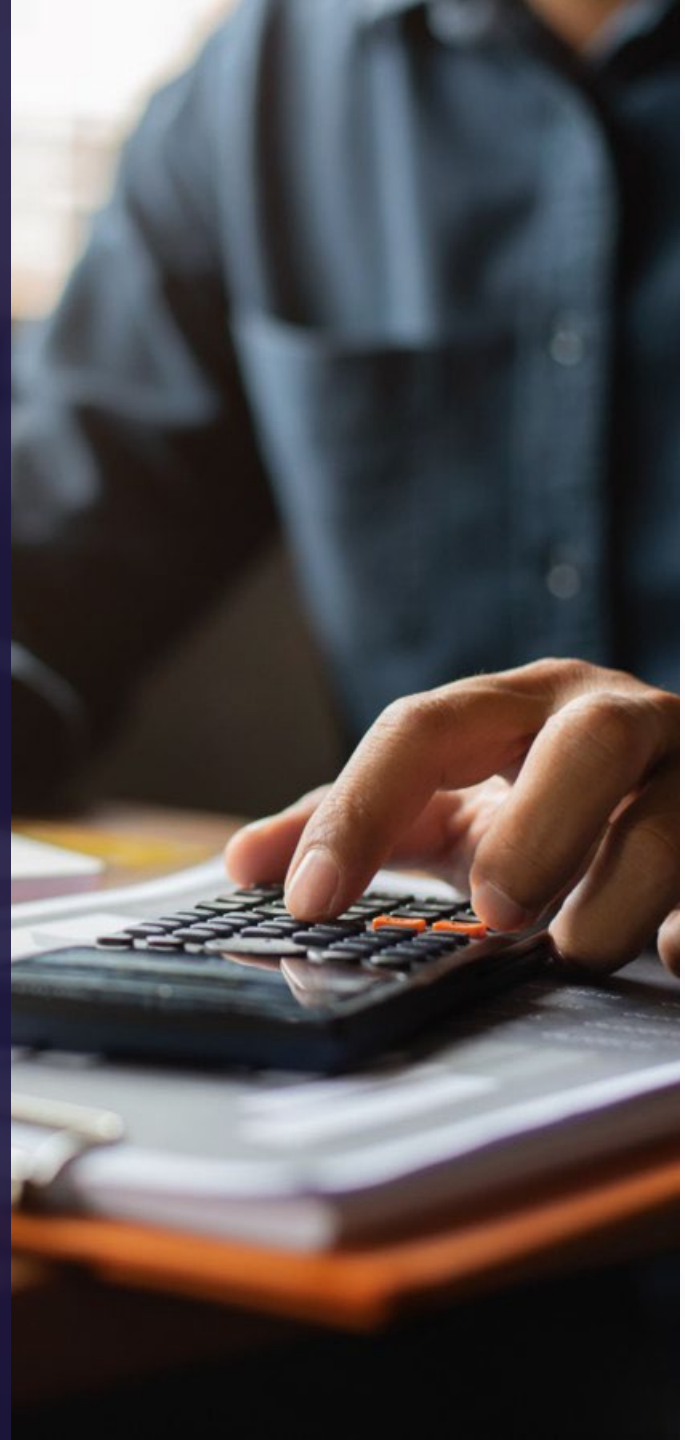
What Appraisers need to know when working against the **IRS**

Better never settles



REAL ESTATE VALUATION

Impacts of the
2025 Big Beautiful Bill



For Discussion Today:

OBBB - The highest $ exemption amount in U.S. history. $30M and remains a permanent tax exemption;

Fair Market Value is the value definition required by the IRS. Don't tip your hand…

Understanding **Qualified Appraisals**

T&E VALUE DEFINITION

Fair Market Value

- When appraisals are requested for estate planning/tax, Fair Market Value (FMV) is the definition of value required by the Department of the Treasury, Internal Revenue Service.
- FMV varies (slightly) from definition of Market Value as defined by USPAP (Uniform Standards of Professional Appraisal Practice), but connotation is important.

Fair Market Value (FMV) is the price that property would sell for on the open market.

- Price is agreed upon between willing **buyers** and willing **sellers**, with neither being required to act, and both having reasonable knowledge of the relevant facts.



WHAT THIS MEANS

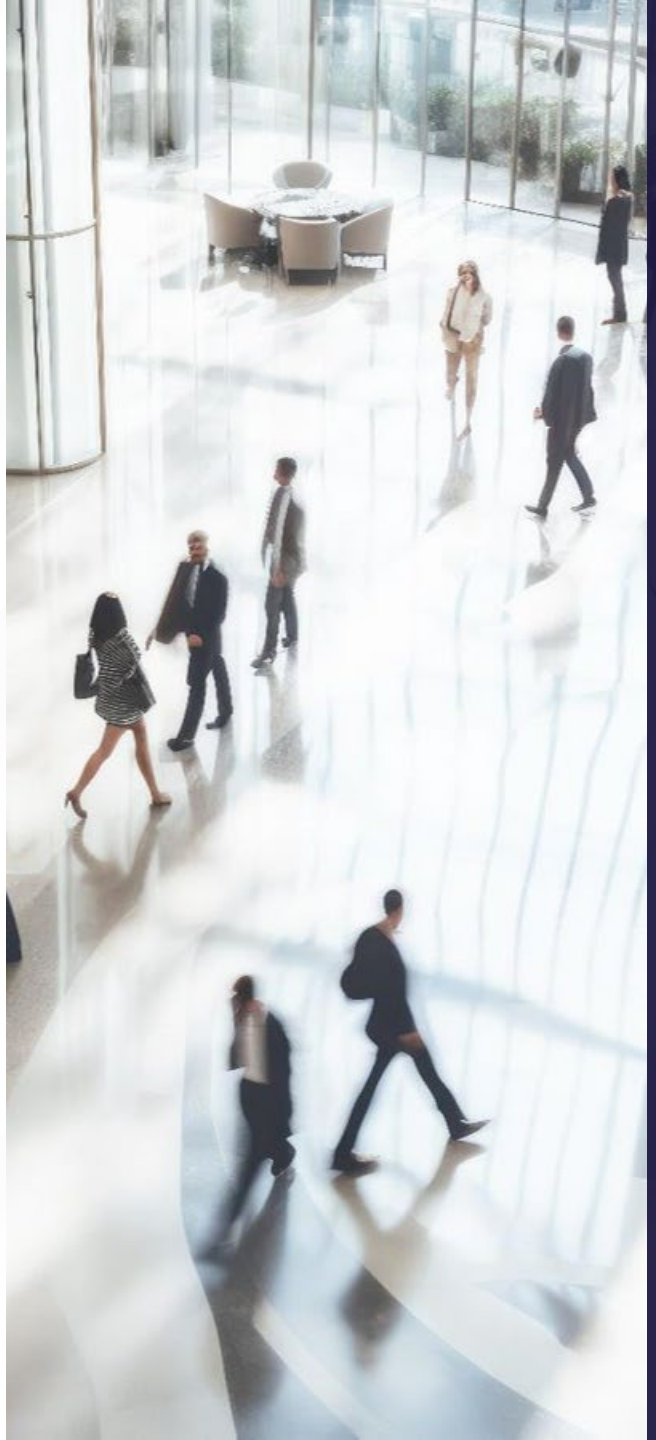
The FMV definition requires a transaction on a specific date. A transaction MUST occur. Thus, with FMV, economic perceptions and fluctuations in interest rates may have a direct impact on values.

Think Band of Investment…

QUALIFIED APPRAISALS

According to **Section 1219 of the Pension Protection Act of 2006 (H.R. 4)**, a "Qualified Appraisal" by a "Qualified Appraiser" must be performed for a gift of non-cash property worth more than $5,000. Per US Treasury Regulations, a "Qualified Appraisal" is defined as an appraisal document that;

- Is made **no earlier than 60 days prior** to the date of gift / **no later** than the due date of the donor's tax return;
- Is prepared, signed, and dated by a "Qualified Appraiser";
- Includes all required information;
- Must conform to generally accepted appraisal standards (USPAP); and
- Does not involve a prohibited appraisal fee.



Treasury Regulations continue to define a **"Qualified Appraiser"** as an individual that;

- Has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum educational and experience requirements as prescribed by US Treasury Regulations;
- Regularly performs appraisals for which the individual receives compensation;
- Can demonstrate verifiable education and experience in valuing the type of property subject to the appraisal;
- Has not been prohibited in practicing before the IRS anytime within a 3-year period prior to the appraisal date of value; and
- Meets other requirements as prescribed by US Treasury Regulations; including:
    1. Affirmation that the Qualified Appraisal will be used in connection with a Tax Return claim for refund;
    2. Affirmation that the Qualified Appraiser is responsible for gross valuation misstatement on the return and subject to penalty under § 6695A of the IRC.

DEFENDING YOUR WORK IN EXAMINATION



THE BIGGER PICTURE

1. The IRS has been “DOGED” but the Government still needs $.
2. It’s important to inspect the property.
3. Importance of USPAP in T&E
4. Client Preparation for Examination ($$$)
5. Use our appraiser tools:
   - Prove out Cap Rates with Band of Investment or IRV at the MET
   - Provide a universe of sales and demonstrate how they support your conclusion.
   - Put your appraisal creativity (and training) on display.



ERIC B. GARFIELD, MAI, CCIM, CRE
Executive Managing Director
National Practice Lead, Trust & Estates Valuation Services
eric.garfield@cushwake.com

ABOUT CUSHMAN & WAKEFIELD

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in nearly 400 offices and 60 countries. In 2023, the firm reported revenue of $9.5 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), sustainability and more. For additional information, visit www.cushmanwakefield.com.

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