

Bond Case Briefs

Municipal Finance Law Since 1971

IRS Bars Appraisers From Valuing Facade Easements for 5 Years.

The IRS has announced (IR-2014-31) that its Office of Professional Responsibility has entered into a settlement agreement with a group of appraisers from the same firm accused of aiding in the understatement of federal tax liabilities by overvaluing facade easements for charitable donation purposes.

In settling the case, the appraisers admitted to violating sections of Circular 230 related to due diligence and document accuracy and agreed to a five-year suspension of valuing facade easements and performing any appraisal services that could subject them to penalties under the code.

IRS Bars Appraisers from Valuing Facade Easements for Federal Tax Purposes for Five Years

March 19, 2014

WASHINGTON — The Internal Revenue Service today announced its Office of Professional Responsibility (OPR) has entered into a settlement agreement with a group of appraisers from the same firm accused of aiding in the understatement of federal tax liabilities by overvaluing facade easements for charitable donation purposes. Under the settlement agreement, the appraisers admitted to violating relevant sections of Circular 230 related to due diligence and submitting accurate documents to the government.

The appraisers agreed to a five-year suspension of valuing facade easements and undertaking any appraisal services that could subject them to penalties under the Internal Revenue Code. The appraisers also agreed to abide by all applicable provisions of Circular 230.

“Appraisers need to understand that they are subject to Circular 230, and must exercise due diligence in the preparation of documents relating to federal tax matters,” said Karen L. Hawkins, Director of OPR. “Taxpayers expect advice rendered with competence and diligence that goes beyond the mere mechanical application of a rule of thumb based on conjecture and unsupported conclusions.”

Failure to comply with terms of the settlement would result in the appraiser’s disqualification, which would include a ban from presenting any evidence or testimony in administrative proceedings before the Department of the Treasury, and renders any appraisal given after disqualification without probative effect.

The appraisers prepared reports valuing facade easements donated over several tax years. On behalf of each donating taxpayer, an appraiser completed Part III, Declaration of Appraiser, of Form 8283, Noncash Charitable Contributions, certifying that the appraiser did not fraudulently or falsely overstate the value of such facade easement. In valuing the facade easements, the appraisers applied a flat percentage diminution, generally 15 percent, to the fair market values of the underlying properties prior to the easement’s donation.

Specifically, the appraisers admitted violating Circular 230, Section 10.22(a)(1), for failing to exercise due diligence in the preparation of documents relating to IRS matters, and Section 10.22(a)(2) for failing to determine the correctness of written representations made to the Department of the Treasury.

OPR's settlement agreement with the appraisers includes a disclosure authorization that allows this press release.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com