Instructions for Form 1098-C

(Rev. November 2019)

Department of the Treasury
Internal Revenue Service

Contributions of Motor Vehicles, Boats, and Airplanes

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1098-C and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1098C*.

Reminders

In addition to these specific instructions, you also should use the current *General Instructions for Certain Information Returns*. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

You can get the general instructions at *IRS.gov/1099GeneralInstructions* or *IRS.gov/Form1098C*.

Continuous-use form and instructions. Form 1098-C and these instructions have been converted from an annual revision to continuous use. Both the form and instructions will be updated as needed. For the most recent version, go to *IRS.gov/Form1098C*.

Online fillable form. Due to the very low volume of paper Forms 1098-C received and processed by the IRS each year, this form has been converted to an online fillable format. You may fill out this form, found online at *IRS.gov/Form1098C*, and send Copies B and C to the donor. For filing with the IRS, follow the applicable procedures if you are required to file electronically, or, **for this form only**, if you are qualified to file on paper, send in the black-and-white copy A with Form 1096 that you print from the IRS website.

Specific Instructions

Who Must File

A donee organization must file a separate Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, with the IRS for each contribution of a qualified vehicle that has a claimed value of more than $500. A qualified vehicle is any motor vehicle manufactured primarily for use on public streets, roads, and highways; a boat; or an airplane. However, property held by the donor primarily for sale to customers, such as inventory of a car dealer, is not a qualified vehicle.

Contemporaneous Written Acknowledgment

If a donor contributes a qualified vehicle to you with a claimed value of more than $500, you must furnish a contemporaneous written acknowledgment of the contribution to the donor under section 170(f)(12) containing the same information shown on Form 1098-C. Otherwise, the donor cannot claim a deduction of more than $500 for that vehicle. Copy B of Form 1098-C may be used for this purpose. An acknowledgment is considered contemporaneous if it is furnished to the donor no later than 30 days after the:

- Date of the sale, if you are required to check box 4a; or
- Date of the contribution, if you are required to check box 5a or 5b.

Provide the donor with Copies B and C of Form 1098-C or your own acknowledgment that contains the required information. See the current *General Instructions for Certain Information Returns* for information on how to file.

CAUTION *Do not file Form 1098-C for a contribution of a qualified vehicle with a claimed value of $500 or less. However, you may use it as the contemporaneous written acknowledgment under section 170(f)(8) by providing the donor with Copy C only. If you use Copy C as the acknowledgment, you must check box 7. In addition, do not complete boxes 4a through 5c or enter the donor's TIN on the form. You may, but are not required to, enter the donee's federal TIN on the form.*

Section 6720 Penalties

Section 6720 imposes penalties on any donee organization that is required under section 170(f)(12) to furnish an acknowledgment to a donor if the donee organization knowingly:

- Furnishes a false or fraudulent acknowledgment; or
- Fails to furnish an acknowledgment in the manner, at the time, and showing the information required by section 170(f)(12).

CAUTION *Other penalties may apply. See part O in the current General Instructions for Certain Information Returns.*

An acknowledgment containing a certification described in box 5a or 5b will be presumed to be false or fraudulent if the qualified vehicle is sold to a buyer other than a needy individual (as explained in the instructions for box 5b) without a significant intervening use or material improvement (as explained in the instructions for box 5a) within 6 months of the date of the contribution. If a charity sells a donated vehicle at auction, the IRS will not accept as substantiation an acknowledgment from the charity stating the vehicle is to be transferred to a needy individual for significantly below fair market value (FMV). Vehicles sold at auction are not sold at prices significantly below FMV, and the IRS will not treat vehicles sold at auction as qualifying for this exception.

The penalty for an acknowledgment relating to a qualified vehicle for which box 4a must be checked is the larger of:

- The gross proceeds from the sale, or
- The sales price stated in the acknowledgment multiplied by 39.6% (0.396).

The penalty for an acknowledgment relating to a qualified vehicle for which box 5a or 5b must be checked is the larger of:

- $5,000, or
- The claimed value of the vehicle multiplied by 39.6% (0.396).

Donor's TIN

See part J of the current *General Instructions for Certain Information Returns* for details on requesting the donor's TIN. If the donor does not provide a TIN, you must check box 7 because the acknowledgment will not meet the requirements of section 170(f)(12) and the donor will not be allowed to claim a deduction of more than $500 for the qualified vehicle.

Truncating donor's TIN on acknowledgements. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a donor's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on written acknowledgements. Truncation is not allowed on any documents the filer files with the IRS. A filer's TIN may not be truncated on any form. See part J in the current *General Instructions for Certain Information Returns*.

Box 1. Date of Contribution

Enter the date you received the motor vehicle, boat, or airplane from the donor.

Boxes 2a, 2b, 2c, and 2d. Odometer Mileage, Year, Make, and Model of Vehicle

Enter the appropriate information in each box. Enter mileage only for motor vehicles in box 2a. The following table shows three examples.

	Box 2a - Odometer mileage	Box 2b - Year	Box 2c - Make	Box 2d - Model
Example 1 - car	90,000	2006	Ford	Explorer
Example 2 - airplane		1968	Piper	Cub
Example 3 - boat		2008	Larson	LXI 208



Donees must ensure that the odometer reading is in miles, not kilometers. If the odometer is calibrated in kilometers, you must convert the kilometers to miles using the following calculation.

Kilometers x 0.62137 = miles.

Box 3. Vehicle or Other Identification Number

For any vehicle contributed, this number is generally affixed to the vehicle. For a motor vehicle, the vehicle identification number (VIN) is 17 alphanumeric characters in length. Refer to the vehicle owner's manual for the location of the VIN. For a boat, the hull identification number is 12 characters in length and is usually located on the starboard transom. For an airplane, the aircraft identification number is 6 alphanumeric characters in length and is located on the tail of a U.S. aircraft.

Box 4a. Vehicle Sold in Arm's Length Transaction to Unrelated Party

If the vehicle is sold to a buyer other than a needy individual (as explained in the instructions for box 5b) without a significant intervening use or material improvement (as explained in the instructions for box 5a), you must certify that the sale was made in an arm's length transaction between unrelated parties. Check the box to make the certification. Also complete boxes 4b and 4c. Skip this box if the qualified vehicle has a claimed value of $500 or less.

Box 4b. Date of Sale

If you checked box 4a, enter the date that the vehicle was sold in the arm's length transaction. Skip this box if the qualified vehicle has a claimed value of $500 or less.

Box 4c. Gross Proceeds

If you checked box 4a, enter the gross proceeds from the sale of the vehicle. This is generally the sales price. Do not reduce this amount by any expenses or fees. Skip this box if the qualified vehicle has a claimed value of $500 or less.

Box 5a. Vehicle Will Not Be Transferred Before Completion of Material Improvements or Significant Intervening Use

If you intend to make a significant intervening use of or a material improvement to this vehicle, you must check box 5a to certify that the vehicle will not be transferred for cash, other property, or services before completion of the use or improvement. Also complete box 5c. Skip this box if the qualified vehicle has a claimed value of $500 or less.

There is significant intervening use only if the organization actually uses the vehicle to substantially further the organization's regularly conducted activities, and the use is significant, not incidental. Factors in determining whether a use is a significant intervening use include its nature, extent, frequency, and duration. For this purpose, use includes providing transportation on a regular basis for a significant period of time or significant use directly relating to training in vehicle repair. Use does not include the use of a vehicle to provide training in business skills, such as marketing or sales. Examples of significant use include the following.

- Driving a vehicle every day for 1 year to deliver meals to needy individuals, if delivering meals is an activity regularly conducted by the organization.
- Driving a vehicle for 10,000 miles over a 1-year period to deliver meals to needy individuals, if delivering meals is an activity regularly conducted by the organization.

Material improvements include major repairs and additions that improve the condition of the vehicle in a manner that significantly increases the value. To be a material improvement, the improvement cannot be funded by an additional payment to the donee from the donor of the vehicle. Material improvements do not include cleaning, minor repairs, routine maintenance, painting, removal of dents or scratches, cleaning or repair of upholstery, and installation of theft deterrent devices.

Box 5b. Vehicle To Be Transferred to a Needy Individual for Significantly Below FMV

Check box 5b if you intend to sell the vehicle to a needy individual at a price significantly below FMV or make a gratuitous transfer of the vehicle to a needy individual in direct furtherance of your organization's charitable purpose of relieving the poor and distressed or underprivileged who are in need of a means of transportation. Do not enter any amount in box 4c. The donor's contribution deduction for a sale for this purpose is not limited to the gross proceeds from the sale. Skip this box if the qualified vehicle has a claimed value of $500 or less.

Box 5c. Description of Material Improvements or Significant Intervening Use and Duration of Use

Describe in detail the intended material improvements to be made by the organization or the intended significant intervening use and duration of the use by the organization. Skip this box if the qualified vehicle has a claimed value of $500 or less.

Box 6a. Checkbox for Whether Donee Provided Goods and Services in Exchange for the Vehicle Described

You must check the box to indicate whether you provided goods or services to the donor in exchange for the vehicle described in boxes 2a, 2b, 2c, 2d, and 3.

Box 6b. Value of Goods and Services Provided in Exchange for the Vehicle Described

If you checked “Yes” in box 6a, complete box 6b. You must give a good faith estimate of the value of those goods and services including intangible religious benefits. Include the value of any goods and services you may provide in a year other than the year that the qualified vehicle was donated. Pub. 561, Determining the Value of Donated Property, provides guidance for providing an estimate for the value of goods and services.

Box 6c. Description of the Goods and Services

If you checked “Yes” in box 6a, describe in detail the goods and services, including intangible religious benefits, that were provided to the donor. If the donor received only intangible religious benefits, check the box.

An intangible religious benefit is one that is provided by an organization organized exclusively for religious purposes and which generally is not sold in a commercial transaction outside the donative context.

Box 7. Checkbox for a Vehicle With a Claimed Value of $500 or Less

If the vehicle has a claimed value of $500 or less or the donor did not provide a TIN, you must check box 7. If you check box 7, **do not** file Copy A with the IRS and **do not** furnish Copy B to the donor.