

# Tax Benefits and Bargain Sales

## ***Massachusetts Conservation Land Tax Credit (CLTC)***

This program pays you to donate your land.

- You can donate your land (or a conservation restriction) and receive a tax credit of 50% of the value of your donation, up to \$75,000;
- The tax credit comes in two parts:
  - 1) First, it eliminates your state tax for the year of the donation. So if you owe \$5,000 in state taxes, the tax credit means you owe \$0;
  - 2) Second, you receive a check for the balance of the credit. So if you received a \$5,000 credit against the taxes you owe, and your credit is \$75,000, you will receive a check for \$70,000.

## ***Federal Tax Deduction***

You can take a charitable deduction on your federal income tax return, if you donate your land or a conservation restriction on your land.

- For a land donation, you can take a deduction that will reduce your taxable income by 30%, for a total of 6 years, allowing you to use up more of the value of the donation each year;
- For the donation of a conservation restriction, you can take a deduction that will reduce your taxable income by 50%, for a total of 16 years, allowing you to use up more of the value of the donation each year.

## **Bargain Sale**

Tax benefits can also be used as part of a bargain sale.

- A bargain sale is when you receive cash for a percentage of the value of your land and donate the rest;
- For example, if your land is worth \$100,000 and you receive \$50,000 cash, you can donate the other 50% or \$50,000 and take advantage of tax benefits above.