

# NOTICE

## Qualified Conservation Easement Contributions and Bargain Sales

It has recently come to our attention that the following question and answer concerning the deduction for qualified conservation contributions ([Winter 2001 State Tax News](#) Article) requires explanation: "Q. Can I take this deduction if I sell the property at a discounted or below market value price?" A. No, this deduction only applies to property that is contributed, not sold."

Under N.J.S.A. 54A:3-6 of the Gross Income Tax Act, a taxpayer is allowed a deduction against gross income for a qualified conservation contribution, as defined under 26 U.S.C. s.170[h] of the Internal Revenue Code. The amount of the contribution deduction is the same amount allowed as a deduction in the taxable year pursuant to 26 U.S.C. s.170 of the Internal Revenue Code. Thus, for New Jersey income tax purposes a taxpayer is entitled to claim the same charitable contribution amount granted for Federal income tax purposes, including, where recognized by Federal treatment, the value of a qualified conservation easement that is greater than the bargain sale price of the property. New Jersey law does not provide any special treatment for the bargain sale itself.