

Notice of Income From Donated Intellectual Property

Give a Copy to Donor

Print or Type	Name of charitable organization (donee)	Employer identification number
	Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)	
	City or town, state, and ZIP code	
1a Name of donor		b Identifying number
c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)		
d City or town, state, and ZIP code		
2a Description of qualified intellectual property and patent number, if applicable		
b Date of charitable contribution		c Date of notice to treat as qualified intellectual property
3a Qualified donee income (see the definition on page 2) \$		
b Tax year of donee for which income listed in line 3a is reported. Check only one box:		
<input type="checkbox"/> Calendar year 20 ____ . <input type="checkbox"/> Fiscal year beginning _____, 20 _____, and ending _____, 20 _____.		

Instructions for Form 8899

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

Purpose of Form

A taxpayer who contributes qualified intellectual property (defined on page 2) to a charity may be entitled to a charitable deduction, in addition to any initial deduction allowed in the year of contribution, based on a specified percentage of the qualified donee income (defined on page 2) received by the donee with respect to the qualified intellectual property. Any additional charitable deductions attributable to qualified donee income may be allowed in the year of the contribution or in subsequent years, subject to the limitations described in the definition of qualified donee income.

To qualify for the additional charitable deduction, the donor must provide notice to the donee at the time of the contribution that the donor intends to treat the contribution as a qualified intellectual property contribution for purposes of sections 170(m) and 6050L.

Form 8899 is used by a donee to report net income from qualified intellectual property to the donor of the property and to the IRS. This form must be filed for each tax year of the donee in which the donated property produces net income, but only if all or part of that tax year occurs during the 10-year period beginning on the date of the contribution and that tax year does not begin after the expiration of the legal life of the donated property.

Note. Donors should see Pub. 526, Charitable Contributions, to figure the amount of the additional charitable deduction.

Who Must File

Every donee organization described in section 170(c) (except a private foundation as defined in section 509(a) that is not described in section 170(b)(1)(F)) that received a charitable gift of qualified intellectual property for which the donor provided notice as discussed above, must file Form 8899 if the property produces net income for the year. If the qualified intellectual property fails to produce net income for the donee's tax year, the donee is not required to file Form 8899.

When and Where To File

The donee is required to file Form 8899 with the IRS and provide a copy of the form to the donor by the last day of the first full month following the close of the donee's tax year.

Donees that were required to submit an information return before Form 8899 was available should see Temporary Regulations section 1.6050L-2T(c)(2) for requirements on reporting to the donor and Temporary Regulations section 1.6050L-2T(d)(2)(ii) for filing requirements with the IRS. Send Form 8899 to the Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0027.

Penalty

The organization may be subject to a penalty if it fails to file Form 8899 by the due date; fails to include all of the information required to be shown on this form; or fails to include correct information on this form. For additional information, see sections 6721 through 6724.

Definitions

Identifying number. The identifying number for individual donors is the social security number. For other donors, including corporations, partnerships, and estates, the identifying number is the employer identification number. To obtain the donor’s identifying number, you may request that the donor complete Form W-9, Request for Taxpayer Identification Number and Certification.

Qualified intellectual property. Qualified intellectual property is generally any patent, copyright, trademark, trade name, trade secret, know-how, software or similar property, or applications or registrations of such property (other than property contributed to or for the use of a private foundation as defined in section 509(a) that is not described in section 170(b)(1)(F)). See *Exceptions* below.

Exceptions. The following property is not considered qualified intellectual property for purposes of the additional charitable deduction.

1. Computer software that is readily available for purchase by the general public, is subject to a nonexclusive license, and has not been substantially modified.
2. A copyright held by a taxpayer:
 - a. Whose personal efforts created the property, or
 - b. In whose hands the basis of the property is determined, for purposes of determining gain from a sale or exchange, in whole or in part by reference to the basis of the property in the hands of a taxpayer whose personal efforts created the property.

Qualified donee income. Qualified donee income is any net income received or accrued by the donee that is properly allocable to the qualified intellectual property for the tax year of the donee which ends within or with the tax year of the donor. Income is not treated as allocated to qualified intellectual property if it is received or accrued after the earlier of the expiration of the legal life of the qualified intellectual property, or the 10-year period beginning with the date of the contribution.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 3 hr., 20 min.
- Learning about the law** 1 hr., 0 min.
- Preparing and sending the form to the IRS** 1 hr., 5 min.

If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, see *When and Where To File* on page 1.