

**Reg. 1.6694-1(e)(3),
Example 1**

**Verification of Info:
No Reasonable Inquiries Were Made**

Copyright © 2020 Andrew Mitchel LLC
International Tax Services
www.andrewmitchel.com

I made a charitable contribution of real estate in the amount of \$50,000 during the tax year.



Taxpayer

Oh, okay. Then we will claim a deduction of \$50,000 on your tax return.



**Tax Return
Preparer**

During an interview conducted by Preparer E, a taxpayer stated that he had made a charitable contribution of real estate in the amount of \$50,000 during the tax year, when in fact he had not made this charitable contribution. E did not inquire about the existence of a qualified appraisal or complete a Form 8283, Noncash Charitable Contributions, in accordance with the reporting and substantiation requirements under section 170(f)(11). E reported a deduction on the tax return for the charitable contribution, which resulted in an understatement of liability for tax, and signed the tax return as the tax return preparer. E is subject to a penalty under section 6694.