

# Using the IRS Tax Incentive to Preserve Farmland

## Frequently Asked Questions

### What is an agricultural easement?

- A voluntary, perpetual agreement between a landowner and the Ohio Department of Agriculture (ODA) that permanently preserves Ohio farms in agricultural production, strengthening Ohio's number one industry: food and agriculture. ODA requires a minimum 25% donation of the value of the easement. The donated value is the part that may qualify for the tax incentive.

### What is the IRS tax incentive?

- If the conservation easement donation meets the minimum requirements of the Internal Revenue Service Code outlined in IRC 170(h), the Internal Revenue Service recognizes that a charitable donation has been made and will allow the landowner to deduct the amount of that donation, thereby reducing his/her federal income tax liability.

- The value of a conservation easement is determined by a qualified appraisal. The appraiser must prepare an appraisal showing the before value (the value of the land without a conservation easement and having full development value) and the after value (the value after the property has been restricted by a conservation easement). It is the difference between these two numbers the IRS views as the charitable gift.

### Who qualifies for the tax incentive?

- Landowners participating in the Local Agricultural Easement Purchase Program could qualify for the IRS tax incentive due to the donation portion of their easement value. Contact your tax professional to determine whether or not you will qualify.

### How does the tax incentive work?

- Contact your tax professional to determine if the IRS tax incentive is right for you. Once you determine whether or not to take the tax incentive, please alert ODA of your preference.

### What to consider when determining whether or not to take the tax incentive?

- Estate Planning Benefits
- Income Tax Deduction Benefits
- Property Tax Benefits

## Questions to Ask Your Tax Professional

- Do you qualify for the IRS tax incentive?
- What are the benefits of the IRS tax incentive?
- What is Form 8283? When to file?
- What are the appraisal requirements? And when should the appraisal be complete in order to qualify?
- Who is a qualified appraiser?

For more information visit Conservation Easements | Internal Revenue Service ([irs.gov](http://irs.gov))



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