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A bargain sale is a simple agreement in which the donor sells securities, real estate, tangible personal property, or other assets to a charity for less than their current value. The charity pays the donor the sale price in installments according to a schedule the donor and charity agree on. The donor earns an income tax deduction for the difference between the fair market value of the donated assets and the present value of the installment payments, subject to IRS 30%/50% limitations. If the donor bargain sells long-term appreciated property, the donor must report the capital gain that is attributable to the sale portion of the transaction.

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