



## Mineral, Oil & Gas Rights and Royalties Gifts: An Overview

Owners of mineral rights – generally oil and gas interests – have an opportunity to make important gifts to The First Church of Christ, Scientist that may yield charitable deductions and avoid capital gains taxes. These gifts require careful planning, however, and tax benefits will vary depending on the type of interest owned and whether the donor is an investor or a business operator.

Oil and gas interests – leases, royalties, working interests, etc. – may be owned by individuals or through partnerships. The form of ownership may have an effect on the gift's tax results. Gas and oil rights are commonly owned separately from the land itself and may be bought, sold, traded or given away to family members or others during life or at death. Charitable deductions for gifts of this kind of property require that donors give away either their *entire interest* or an undivided fraction in their entire interest, for example – 20% of an overriding royalty interest. Qualified appraisals are needed to substantiate donors' deductions.

Note: It may also be possible to transfer mineral rights to a type of charitable trust that pays income to the Church for several years then returns the assets to you or your family. The type of charitable trust that may meet this need is called a charitable remainder trust. It also may be possible to fund a charitable remainder trust with oil and gas interests, but again, careful planning will be needed.

### How to Proceed

If you are interested in making a gift of mineral rights, such as oil and gas interests, to the Church, please e-mail, call or write our office.

We are pleased to advise you:

1. Our correct legal name, for use by your attorney in drafting deeds or other transfer documents
2. The approximate income tax and capital gains tax savings available from your gift
3. Appraisal issues for gifts of your interest
4. Details of the transfer and gift acceptance process

You will need to share with us:

1. The type of interest you propose to contribute and an estimate of its current value
2. Any other interests you may own in the property on which the interest is located
3. Your basis in the interest
4. How the interest is owned (in partnership, for example)



5. Whether a sale of your interest is currently pending
6. Whether you wish to reserve lifetime income or other benefits from your gift for a family member

You can contact our office at [philanthropy@csp.com](mailto:philanthropy@csp.com), by phone at 1-800-288-7155, extension 3288, or write to us at the address below. We look forward to hearing from you.

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