

## Internal Revenue Code Section 6664(c)

### Definitions and Special Rules

(a) Underpayment.


For purposes of this part, the term "underpayment" means the amount by which any tax imposed by this title exceeds the excess of-

- (1) the sum of-
  - (A) the amount shown as the tax by the taxpayer on his return, plus
  - (B) amounts not so shown previously assessed (or collected without assessment), over
- (2) the amount of rebates made.

For purposes of paragraph (2) , the term "rebate" means so much of an abatement, credit, refund, or other repayment, as was made on the ground that the tax imposed was less than the excess of the amount specified in paragraph (1) over the rebates previously made.

(b) Penalties applicable only where return filed.

The penalties provided in this part shall apply only in cases where a return of tax is filed (other than a return prepared by the Secretary under the authority of section 6020(b) ).



(c) Reasonable cause exception for underpayments.

(1) In general.

No penalty shall be imposed under section 6662 or 6663 with respect to any portion of an underpayment if it is shown that there was a reasonable cause for such portion and that the taxpayer acted in good faith with respect to such portion.

(2) Exception.

Paragraph (1) shall not apply to any portion of an underpayment which is attributable to one or more transactions described in section 6662(b)(6) .

(3) Special rule for certain valuation overstatements.

In the case of any underpayment attributable to a substantial or gross valuation overstatement under chapter 1 with respect to charitable deduction property, paragraph

(1) shall not apply. The preceding sentence shall not apply to a substantial valuation overstatement under chapter 1 if-

- (A) the claimed value of the property was based on a qualified appraisal made by a qualified appraiser, and

(B) in addition to obtaining such appraisal, the taxpayer made a good faith investigation of the value of the contributed property.

(4) Definitions.

For purposes of this subsection -

(A) Charitable deduction property. The term "charitable deduction property" means any property contributed by the taxpayer in a contribution for which a deduction was claimed under section 170 . For purposes of paragraph (3) , such term shall not include any securities for which (as of the date of the contribution) market quotations are readily available on an established securities market.

(B) Qualified appraisal. The term "qualified appraisal" has the meaning given such term by section 170(f)(11)(E)(i) .

(C) Qualified appraiser. The term "qualified appraiser" has the meaning given such term by section 170(f)(11)(E)(ii) .

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