

# **Wardell Appraisals: Personal Property Appraisals**

## **What Estate Planners Need to Know (But Rarely Hear) — A 360° View**

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Redwood Empire Estate Planning Council

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Marcus Wardell, ISA AM

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(707)-318-4628

# Personal Property Appraisals

For federal estate tax purposes, the IRS requires a room-by-room inventory of a decedent's household and personal effects, with specific valuation and reporting rules.

An estate tax return (Form 706) is only necessary for estates that exceed the federal exemption limit, but an inventory is crucial for all estates for probate and asset distribution.

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# Personal Property Appraisals

## § 20.2031-6

### Valuation of household and personal effects

**(a)** General rule. The Fair Market Value of the decedent's household and personal effects is the price which a willing buyer would pay to a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

A room by room itemization of household and personal effects is desirable. All the articles should be named specifically, except that a number of articles contained in the same room, none of which has a value in excess of \$100, may be grouped. A separate value should be given for each article named.

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## **§ 20.203 I -6**

### **Valuation of household and personal effects**

**(b)** Notwithstanding the provisions of paragraph (a) of this section, if there are included among the household and personal effects articles having marked artistic or intrinsic value of a total value in excess of \$3,000 (e.g., jewelry, furs, silverware, paintings, etchings, engravings, antiques, books, statuary, vases, oriental rugs, coin or stamp collections), the appraisal of an expert or experts, under oath, shall be filed with the return.

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## **Valuation of household and personal effects**

If the decedent owned articles with artistic value (e.g. jewelry, furs, silverware, books, statuary, vases, oriental rugs, coin or stamp collections, etc.) and if one article is valued at more than \$3,000, or any collection of similar articles is valued at more than \$10,000, then an appraisal by a qualified appraiser is required to be submitted along with the appraiser's qualifications.

(See IRS Form 706, Schedule F)

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## **Valuation of household and personal effects**

The International Society of Appraisers suggests that because the IRS requires appraisal reports to be submitted with Form 706 if there is a single item valued over \$3,000 or more, that these appraisals contain significant information on those items.

For example, for any single item with a Fair Market Value of \$3,000 or more, the report should provide relevant comparable sales and a justified reasoning to produce credible assignment results required by USPAP.

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## **Valuation of household and personal effects**

The IRS reviews appraisals of high-value items. It has an Art Advisory Panel to review valuations of art, furnishings, and objects worth \$50,000 or more.

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LAW

## 'Cursed' \$58 million painting found hidden under a bed after police investigation into psychic swindle

By [Bethany Dawson](#)



Policia Civil investigator and a delegate hold artist Tarsila do Amaral's painting titled "Sol Poente" after it was seized during a police operation in Rio de Janeiro, Brazil August 10, 2022 Policia Civil do Rio de Janeiro/Handout via REUTERS

Aug 13, 2022, 1:52 AM PT

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- A famous Brazilian painting worth \$58 million was hidden under the bed of an alleged scammer.



The "Sol Poente" painting is by Tarsila do Amaral, one of South America's most well-renowned 20th-century artists, and was previously exhibited at New York's Museum of Modern Art (MoMA).

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