



# NGV FOUNDATION GIFTING WORKS OF ART

## INFORMATION ON DONATING ART TO CAF AMERICA

Donors may wish to donate artworks to the National Gallery of Victoria Fund at CAF America, with the intention that these works be granted to the Gallery for inclusion in its collection. This is possible through CAF America, but there are many additional steps that we need to complete to accept donations of art and ensure that all parties maintain compliance with the regulations as well as full tax deductibility.

The IRS has very strict guidelines for the amount a donor may deduct for contributing a piece of art or a collection for a charitable purpose. Some important considerations include:

- It is advised that donors should have owned the piece or collection for over 1 year. This allows the donor to treat the donation as an appreciated capital asset and claim a deduction for the appraised value of the piece or collection rather than the cost basis. However, this is based on the donor's preference.
- Art that the donor created, or owned as part of an art dealer business, is not able to be claimed as an appreciated asset.<sup>1</sup>
- All art must be appraised by a Qualified Appraiser no earlier than 60 days before the date of donation and no later than the due date of the donor's tax return (including extensions) for the year of the gift.
- The Qualified Appraiser must have appropriate experience in 1) art appraisal; and 2) art appraisal of the type of piece or collection donated. For recommended appraisers, call the IRS Office of Art Appraisal Services at (202) 401-4128.
- The IRS pays special attention to the appraised values of art due to its highly subjective value structure. Further considerations include:
  - For art appraised at \$20,000 or more, donors must submit a copy of the appraisal document to support their claimed deduction.
  - For art appraised at \$50,000 or more donors must request a [Statement of Value](#) for the item before filing their tax return that reports the donation and must include a copy of a qualified appraisal of the item. (note that this includes a separate fee).
  - The appraisal must include the 11 points of information listed in [IRS Publication 561](#), "Determining the Value of Donated Property".

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<sup>1</sup> <https://itsartlaw.org/2019/09/18/art-donations-101-a-guide-for-artists-collectors-and-nonprofits/>



- CAF America is a 501(c)(3) Public Charity and donations to CAF America are eligible for deductions to the fullest extent allowable.
- Since gifts of art advised to the NGV Fund are granted to the Gallery to be added to its collection, donors may treat the piece as going to a **related use** and the donation can be treated as such for tax purposes.
- CAF America will loan the donated art to the beneficiary for a period of three years to meet the related use requirement. After this period, CAF will be able to fully transfer ownership of property to the grantee.

All donors claiming a deduction for donated art must complete [Form 8283](#) and submit this document to CAF America before we process these transactions.

### CAF AMERICA FEES

Gifts of art advised to the NGV Fund at CAF America are subject to the following fees for processing a donation of any non-cash asset are the same that would apply to the specific Fund or service that the donor chooses to utilize for their gift, with an additional fee of 0.5% that is attached to all noncash/illiquid assets. For art loans there is an additional due diligence fee of \$5,000, with \$1,000 paid to initiate the Equivalency Determination and \$4,000 paid at the beginning of the loan period.

Administrative fee to each gift.

- 3% of the first \$15,000
- 5% of the next \$85,000
- 3% of the next \$200,000
- 1.5% of any additional amount

**All fees associated with the gift must be paid in advance of us accepting it.**

### CHECKLIST FOR DONORS TO COMPLETE A DONATION OF ART

1. A signed letter addressed to CAF America advising the gift to a specific Fund or Beneficiary and designating whether it is advised for granting or for liquidation.
2. Qualified appraisal of the piece(s) completed within 60 days of the donation. \*
3. A completed [Form 8282](#) and [Form 8283](#) for our review and signature.

\*Speak with us BEFORE carrying out your appraisal so you can ensure that your donation aligns with our timelines.

*No information provided by CAF America is intended to be used as legal advice and should not be treated as such. Speak with your tax expert about how to best ensure the tax effectiveness of your donation.*