



# Donating Art and Collectibles - A Discussion of Important Factors

Donating art and collectibles can be a rewarding way to support the preservation and education of art history and culture. As opposed to selling art, which results in capital gains tax, or keeping art in the family, which may result in estate or gift taxes, donating art will bring a federal and possibly a state tax deduction. But there are many factors involved in properly planning for and arranging the donation.

First, an appraisal from a qualified appraiser is required to be submitted when claiming a charitable deduction over \$5,000. The best option is to find someone who specializes in the precise kind of art being donated. This is especially important because the donation, valued at \$50,000 or more, may be reviewed by the IRS' Art Advisory Panel, which could be comprised of up to 25 experts who review and evaluate appraisals that taxpayers submit with claimed works of art.

Qualified appraisers will use the sales of comparable works of art by the same artist, among other factors, to help determine the fair market value of a donated piece. Individual works of art that are valued at \$20,000 or more require a signed appraisal submitted with the tax return. A color photograph or a color transparency of the piece also needs to be available upon request. When donating art valued at \$50,000, the donor can request a Statement of Value for the item from the IRS prior to filing that year's tax return. Keep in mind that appraisal fees are not deductible as a charitable contribution, but they can be claimed as a miscellaneous itemized deduction.

In order to claim a deduction, the art must be donated to a qualified organization for related use. The receiving organization can be an art museum, but other organizations such as hospitals or educational institutions may also qualify. It is critical to discuss a contemplated contribution in detail with the recipient organization well in advance, as all organizations have guidelines or standards that must be met before accepting donations.

Generally, no charitable deduction is available for a contribution of less than a donor's entire interest. A specific exception exists for gifts of fractional interests. The taxpayer must contribute the entire interest within 10 years of the initial contribution, or at death, whichever occurs earlier.

Since there are numerous factors involved, it is important to plan carefully when donating art and collectibles. For more information, contact your Anchin relationship partner, Gary Castle or Jeffrey Perelman of Anchin's Art Group at 212.840.3456 or [info@anchin.com](mailto:info@anchin.com).



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