



Acquisition Guidelines



"The Raven and the First Men"
by Bill Reid (Haida), 1980
Photo: Bill McLennan

This brief guide to the Museum of Anthropology's acquisitions process is intended to give potential donors/vendors some background information that will help them make decisions about the future of their collections. The Acquisitions Committee's task is to ensure that the Museum of Anthropology is the right place for their object(s). The Museum's internal process is therefore a carefully considered one and can take more time than most people expect – anywhere from two to twelve months, and occasionally longer.

How does the Museum acquire collections?

Donation: The giving of one or more objects to the Museum. All donors must be the legal and rightful owners of said objects. The donation form includes the phrase, "I hereby donate said property in whole to the UBC Museum of Anthropology with no reservations, restraints or limiting conditions of any kind whatsoever."

Bequest: The bequeathing of one or more objects to the Museum as described in the owner's last will and testament. Museum staff can express interest in the object(s) at the time of the making of the will but always with the proviso that the object(s) will be subjected to the same acquisition process that applies to all donations (see below).

Purchase: The purchasing of one or more objects by the Museum. The vendor must be the legal and rightful owner of the objects and must be able to produce appropriate export paperwork if the purchase originates outside of Canada.

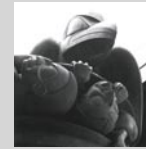
Commission: The commissioning by the Museum of a piece of work by a contemporary artist. The timing and cost of a commission is negotiated, as are the copyright conditions.

Transfer: The transfer of one or more objects from another institution.

How do I donate?

1. Initial contact is usually made with the Chair of the Acquisitions Committee. A preliminary discussion will determine whether or not the material offered is of interest to the Museum or may be better suited to another institution. For example, objects that do not fall within the Museum's collecting parameters are not brought forward to the Committee.
2. The object(s) offered, or preferably a photograph, are submitted to the Chair with as much background material as possible. If the object(s) is/are brought into the Museum, the potential donor is issued with a receipt.

Please note: Objects can only be dropped off to the Chair by appointment. Objects are not accepted by Security, Administration, or Reception. The Chair may designate other staff to issue receipts on his/her behalf.



3. The material is put on the agenda of the next Acquisitions Committee meeting. Meetings occur every two to three months depending on the volume of submissions.

4. A database search is activated to determine whether similar objects exist in the collection.

5. The committee considers the donation. Factors such as duplication, condition, relevance, provenance, and available space are taken into account when making decisions. All decisions are by consensus and ratified by the Director.

6. If the committee is working from photographs, the donor may be requested to bring in the object(s) for examination prior to final acceptance.

7. If the donation is accepted, the donor will be asked to complete a donation form that legally transfers ownership to the Museum. The date of that legal transfer is considered to be the donation date. For example, if you bring in a donation in December 2002 and it is not accepted until March 2003, then the legal transfer date will be for the year 2003.

The annual deadline for all donations is November 30. Any donation arriving after this date will be considered in the following year.

Do I receive a tax receipt?

Yes, the Museum (through the University of British Columbia) routinely issues tax receipts for all donations.

It is strongly advised that all donors consult their accountants and/or the “Gifts and Income Tax” booklet issued by Revenue Canada. Relevant excerpts are attached.

The Museum does not issue tax receipts for archaeological material.

Most donations are appraised by external appraisers and the donor is issued a tax receipt in accordance with the conditions stated in the Canadian Income Tax Act.

If a donation or a purchase is being proposed for Cultural

Property certification the process is more complex. To be certified, an object must be “of outstanding significance and national importance.” The attached guidelines contain further information on the benefits of certification. However, donors are advised to consult with their accountants prior to considering this route.

Can I leave things to the Museum in my will?

Yes, if a lawyer forwards the relevant portion of the will, at the time it is drawn up. This will be kept on file. However, please note:

Leaving something to the Museum in a will does not presuppose automatic acceptance.

Objects bequeathed to the Museum are subject to the same process as regular donations.

How do I sell an object to the museum?

Determine the asking price for the object. The Museum does not participate in this process.

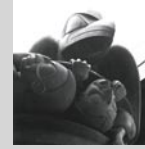
Contact the Chair of the Acquisitions Committee to arrange an appropriate time to bring the object to the Museum for inspection. The Museum will not consider any object that has been imported into Canada without appropriate documentation.

All purchases are subject to available funds. Vendors will be informed at the time of inquiry if funds are not available.

If an object is purchased, the vendor will sign a Purchase Agreement form stipulating that the vendor is the legal and rightful owner of the object and has the right to sell it.

The vendor issues an invoice to the Museum for payment.

If an object was made on or after June 7, 1988, the purchase will be subject to the signing of a copyright agreement by the artist.



Does the Museum commission works?

Yes, the Museum commissions works from specific artists, when funds are available.

Normally, commissions are paid for in stages, the final payment being issued upon receipt of an invoice once the work has been completed and delivered.

All commissions are subject to the signing of a copyright agreement, the conditions of which are individually negotiated.

Please note: The information herein was prepared as a guide on October 27, 1999, and is subject to change. The Revenue Canada information attached is also only a guide. For official purposes please refer to the most current version of the Income Tax Act. If any of this information is not clear please contact the Chair of the Acquisitions Committee (604.822.5087 or moainfo@interchange.ubc.ca).

Excerpts from the "Gifts and Income Tax" brochure issued by Revenue Canada, 1997

Gifts and income tax

A gift is a voluntary transfer of money or property for which the donor expects and receives nothing of value in return. However, if you give money or property to certain institutions, you may be able to claim a non-refundable tax credit on your income tax return.

The income tax consequences of a gift depend on whether it is:

- A gift to a registered Canadian charity or other qualified donee;
- A gift to Canada, a province or a territory;
- A gift of ecologically sensitive land; or
- A gift of certified cultural property to a designated institution under the Cultural Property Export and Import Act.

On your tax return you can claim a federal tax credit of 17% of the first \$200 of your gifts and 29% of the balance. This credit also

reduces your provincial or territorial tax, any federal, provincial, or territorial surtaxes, plus your surtax for non-residents and deemed residents of Canada. Residents of Quebec claim their provincial tax credits on their provincial tax returns.

What gifts can you claim?

You can claim a tax credit for gifts you give to:

- Canadian registered charities;
- Registered Canadian amateur athletic associations;
- Prescribed universities outside Canada; Canadian non-profit organizations that only provide low-cost housing for seniors;
- Canadian municipalities
- Registered national arts service organizations;
- The United Nations or its agencies; and
- Charitable organizations outside Canada to which the Governments of Canada has made a donation in 1996 or in 1997.

Non-qualifying gifts

If after July 31st 1997, you make a gift of a non-qualifying security such as shares of a corporation you control or obligations or any other security issued by yourself (other than shares, obligations, and other securities listed on a prescribed stock exchange and deposits with financial institutions), special rules apply. For details, contact Revenue Canada.

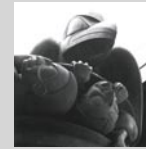
Gifts in Kind

A gift in kind includes such things as capital property (including depreciable property), and personal-use property (including listed personal property). However, it does not include a gift of services.

Do You have property to donate?

Here are some things to keep in mind when you donate property:

- If you plan to give away property, any capital gain you have made on the property since you got it may be subject to tax.
- Your own situation will affect the tax status of the gift. If



you are an artist, dealer, or collector, different tax rules apply when you donate property from your inventory.

- It is important to establish your gift's fair market value (FMV). To do this you may need to get one or more professional appraisals.

If you have property such as a painting, coin set, rare book, antique furniture, archival or library collections, that you would like to donate, consider the following points:

- You have to decide where you are going to donate your property. Revenue Canada cannot advise which museum, art gallery, archive, municipality, or institution you should approach. Remember that the tax implications may differ depending on the way you make, or to whom you make, the gift.
- Once you have chosen an institution and have determined that it is willing to accept your gift, you or the institution may need to have the object appraised.
- Since a gift is a voluntary transfer of property, you should receive nothing of value in return for it.

Appraisals

Collectors often approach appraisers, dealers, and other people who are knowledgeable about particular objects to get appraisals for income tax purposes.

You may need to get one or more appraisals to establish the fair market value (FMV) of your gift. Use this figure to calculate your capital gain or loss, and the tax credit you can claim on your return.

The appraisal has to be an estimate of the object's FMV on the date you donated it. The receipt issued by the institution that accepts your gift has to represent the true value of the gift at the time you donated it. Also if you owned the object on Valuation Day (December 31, 1971), you may need to get a valuation reflecting the value on that date. For more information on Valuation Day, get the guide called *Capital Gains*.

Who should appraise a gift?

The appraiser should not be associated with either the donor or the institution receiving the donation. You can get an evaluation from dealers, appraisers, and other individuals who know the

FMV of the object you are donating.

If you need an appraisal and the FMV of your gift is \$1,000 or less, a qualified staff member of the institution receiving your gift can appraise it.

The Canadian Cultural Property Export Review Board has its own requirements for appraisals – see below.

What is fair market value (FMV)

The Income Tax Act does not define FMV. The generally accepted meaning, however, is the highest price, expressed in a dollar amount, that the property would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other.

We consider the value of a property to be best based on an arm's length sale and purchase of a similar property at or near the same date. You will generally use this amount as the value of your gift for the purposes of the tax credit.

Donation date

The donation date is the date the donor legally transfers ownership to the donee. This may not be the date of physical delivery, since an object may be on loan to the institution before the donation date.

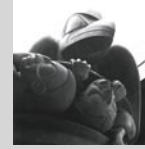
Receipts

For donations of gifts in kind, the institution will issue a receipt stating the FMV of your gift once the object has been appraised.

Are You an Artist?

If you are an artist, we usually consider any works you create and own as inventory, not capital property. When an artist creates a work of art intending to sell it but instead donates it to a qualified recipient, we consider the gift to be a disposition of property from the artist's inventory.

As an artist, if you donate a gift from your inventory and if the



gift's FMV is more than its cost amount, you can designate any value for the gift as long as it is:

- Not less than the gift's cost amount, which you can elect to be zero and
- Not more than its FMV

You then use the amount you choose as the value of the gift as both proceeds of disposition to determine your income, and the amount of the gift you claim for the tax credit.

If the FMV is less than the cost amount at the time you donated the gift, the proceeds of disposition must equal the gift's FMV at the time you donated it. The gift's FMV at the time you made the donation is the amount you use for the purposes of the tax credit.

For more information get Interpretation Bulletin IT-504.

Are You an Art Dealer?

If you buy and sell art, antiques, rare books, or other cultural property as a business, and you donate one of these objects, your gift has no capital gains implications. We consider the objects as part of your inventory, not capital property or personal-use property. Therefore, we consider the proceeds to be business income based on the gift's FMV at the time you donated it. You can offset part of this income by claiming a tax credit on your return.

If your gift is from a private collection that you maintain apart from those works we consider to be your business inventory, the usual rules for donating capital property or personal-use property apply.

Listed personal property

Personal-use property includes a special class of property called listed personal property. Items in this class usually increase in value. Listed personal properties include:

- Prints, etchings, drawings, paintings, sculptures, or other similar works of art;
- Jewellery;
- Rare folios, rare manuscripts, or rare books;
- Stamps; or
- Coins.

We consider all or any part of such properties, a part interest in them, or any right to them as listed personal property. You should have a Valuation-Day value established for any listed personal property you acquired before December 31, 1971, that is worth more than \$1,000, either separately or as a set.

You can find a FMV for many of these items by checking dealers' catalogues, or by asking art, coin, jewellery, or stamp dealers.

For the special rules that apply to personal-use property, get the guide called Capital Gains.

Gifts of Cultural Property

The Cultural Property Export and Import act (CPEIA) encourages Canadians to keep significant cultural property in Canada. Under the CPEIA, people are encouraged to give this type of property to Canadian designated institutions and public authorities.

Cultural property may be anything from paintings and sculptures to books and manuscripts to ethnological and decorative art material.

If you donate your gift of cultural property to a designated organization, and if it is certified by the Canadian Cultural Property Export Review Board (CCPERB) as being of outstanding significance and national importance, you may be able to claim a tax credit.

The CCPERB will issue Form T871, Cultural Property Income Tax Certificate, to you. Attach this form to your income tax return.

The amount eligible for the tax credit is the fair market value (FMV) of the property on the date you legally transferred ownership to the designated institution. Your claim for this type of donation is not limited to a percentage of your net income.

You do not have to pay tax on any capital gain that you realize when you donate certified cultural property to a designated institution. You can deduct capital losses within specified limits. For information on capital gains and losses, get the guide called Capital Gains.



The Cultural Property Export and Import Act

The Income Tax Act and the Cultural Property Export and Import Act (CPEIA) provide tax incentives to individuals who wish to sell or donate significant movable cultural property to Canadian custodial institutions.

The Canadian Cultural Property Export Review Board (CCPERB) is responsible under the CPEIA for certifying that cultural property is of “outstanding significance and national importance.” It is also responsible for determining the FMV of such property for income tax purposes.

When you donate cultural property to a designated Canadian institution or public authority and the CCPERB certifies it, you do not realize a capital gain. For the purposes of the tax credit, you can claim the FMV of the gift up to the total amount of tax still payable after claiming your credits for any other charitable donations and gifts.

Once CCPERB certifies your donation of cultural property, it will provide you with Form T871, Cultural Property Income Tax Certificate, upon written confirmation from the institution that an irrevocable gift has been made.

How is cultural property certified?

If your gift is certified under the CPEIA, the institution or public authority receiving the gift has to apply with you, or on your behalf, to the CCPERB to have the property certified.

Cultural property may be anything from paintings and sculptures to books and manuscripts to ethnological and decorative art material. It does not have to be Canadian in origin.

CCPERB may determine that an object is of “outstanding significance and national importance” because of its:

- Close association with Canadian history or national life;
- Aesthetic qualities; or
- Value in the study of the arts or sciences.

Please note that certification of cultural property by CCPERB is optional. You may instead accept a charitable tax receipt from the institutions receiving your gift.

Designated institutions and public authorities

To be eligible to have movable cultural property certified, an institution or public authority has to be designated by the Minister of Canadian Heritage at the time the legal transfer of ownership is made.

Designation ensures that institutions receiving cultural property have the appropriate measures in place to collect, preserve, and make cultural property accessible to the public for research or display purposes.

Category A designation status is granted indefinitely to institutions and public authorities that are well established and that meet all of the criteria for designation. Category B status is granted exclusively in relation to the proposed acquisition of an object or collection to institutions that meet the criteria for designation and that have shown their capability to effectively preserve the specific property for which certification by CCPERB is desired.

If you have any questions about gifts of cultural property, or if you would like to get a copy of the Canadian Cultural Property Export Review Board’s publication Applications for Certification of Cultural Property for Income Tax Purposes – Information and Procedures, contact the Review Board Secretariat by phone at (819) 997-7761, by fax at (819) 997-7757, or by e-mail at: revboard_sec@pch.gc.ca.

For other information call the Charities Division of Revenue Canada at 1-800-267-2384