

Acquisitions – A Guide

**University of British Columbia
Museum of Anthropology**

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Acquisitions Guidelines

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 in making 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 are 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 objects offered, or preferably photographs of them, are submitted to the Chair with as much background information as possible. If the objects are brought into the Museum, the potential donor is issued with a Receipt of Artifacts form.

Please note: Objects can only be dropped off to the Co-chairs by appointment. Objects are not accepted by Security, Administration, or Reception. The Co-chairs may designate other staff to issue receipts on their behalf.

3. The proposed donation is put on the agenda of the next Acquisitions Committee meeting. Meetings generally occur once a month.
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 2012 and it is not accepted until March 2013, then the legal transfer date will be for the year 2013.

The annual deadline for all donations is November 30th. 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” section of the Revenue Canada website (http://www.cra-arc.gc.ca/E/pub/tg/p113/p113-e.html#P84_4402). 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 Co-chairs of the Acquisitions Committee to discuss the object(s) offered to determine whether the Museum is interested in a possible purchase, and 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 originally prepared as a guide on October 27, 1999, was revised on March 1, 2013, 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 Co-chairs of the Acquisitions Committee:

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Excerpts from the Gifts and Income Tax brochure issued by Revenue Canada 2012

Gifts and income tax

If you made a gift of money or other property to certain institutions, you may be able to claim federal and provincial or territorial non-refundable tax credits when you file your income tax and benefit return, provided that you receive an official receipt from the institution(s). If you lived in Quebec on December 31, claim your provincial tax credit on your Quebec income tax return.

In most cases, a gift is a voluntary transfer of property without valuable consideration to the donor. However, under proposed changes, a transfer of property for which you received an [advantage](#) will still be considered a gift for purposes of the [Income Tax Act](#) as long as we are satisfied that the transfer of property was made with the intention to make a gift.

It is the [eligible amount of the gift](#) that is used to calculate your non-refundable donation tax credits.

The tax consequences of a gift depend on such facts as whether it is:

- a gift to a qualified donee such as a registered charity;
- a gift of ecologically sensitive land;
- a gift of certified cultural property to a designated institution or a public authority under the [Cultural Property Export and Import Act](#);

What gifts can you claim?

You can claim a tax credit based on the **eligible amount** of the gift you give to a qualified donee. Qualified donees include:

1. registered charities;
2. registered Canadian amateur athletic associations;
3. registered national arts service organizations;
4. listed housing corporations in Canada set up only to provide low-cost housing for the aged;
5. listed municipalities in Canada;
6. listed municipal or public bodies performing a function of government in Canada;
7. the United Nations and its agencies;
8. listed universities outside Canada with a student body that ordinarily includes students from Canada provided these universities are listed in Schedule VIII of the Income Tax Regulations;
9. listed charitable organizations outside Canada to which the Government of Canada has made a gift during the 36 month period beginning 24 months before the time of the donor's gift (or for gifts made prior to 2012, during the donor's tax year or in the 12 months just before that period); and
10. the Government of Canada, a province, or a territory.

Generally, you can claim part or all of the **eligible amount** of your gifts, up to the limit of 75% of your net income for the year. You may be able to increase this limit if you give capital property (including depreciable property). For details, see [Calculating your increased donation limit](#).

Non-qualifying gifts

Special rules apply if 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 designated stock exchange and deposits with financial institutions). For more

information, go to [Charities Glossary](#) and see "Non-qualifying security" or see [Guide T4037, Capital Gains](#). You can also contact the Charities Directorate at **1-800-267-2384**.

Gifts of certified cultural property

Special incentives have been put in place to encourage Canadians to keep in Canada cultural property that is of outstanding significance and national importance. Under the Cultural Property Export and Import Act, people can donate this type of property to Canadian institutions and public authorities that have been designated by the Minister of Canadian Heritage.

You can claim a tax credit based on the **eligible amount** of gifts of certified cultural property. The **eligible amount** of your gift is calculated based on the fair market value (FMV) of the property, as determined by the Canadian Cultural Property Export Review Board (CCPERB).

The FMV of the donated property, as determined or redetermined by the CCPERB, will apply for a 24-month period after the last determination or redetermination. If you make a gift of the property within that 24-month period, it is the last determined or re-determined FMV that you use to calculate the **eligible amount** of the gift, whether you claim the gift as a gift of cultural property or as an ordinary charitable gift.

Your claim for a gift of certified cultural property is not limited to a percentage of your net income.

If you donate cultural property, certified by the CCPERB, to a designated institution or a public authority, the CCPERB will issue you Form T871, *Cultural Property Income Tax Certificate*, indicating the FMV of the gifted property. Attach this certificate to your income tax and benefit return. Enter the **eligible amount** of the gift of certified cultural property on **line 342** of [Schedule 9, Donations and Gifts](#).

You do not have to report, or pay tax on, any capital gain that you realize when you donate certified cultural property to a designated institution or a public authority. You can, however, deduct capital losses within specified limits. For more information, see [Guide T4037, Capital Gains](#).

For more information on the certification of cultural property donations, see the section called [The Cultural Property Export and Import Act](#).

Usually, you can claim gifts on the return you receive. However, you have to use a [T1 General Income Tax and Benefit Return](#) if you are claiming:

- gifts of certified cultural property;
- gifts of ecologically sensitive land; or
- most gifts in kind (see [Gifts in kind](#) for details).

Donation appraisals

Donors and qualified donees often approach appraisers, dealers, and other people who are knowledgeable about particular objects to get appraisals for income tax purposes. Determining [fair market value \(FMV\)](#), can be a complex process. You must consider numerous facts regarding the property.

You may need to get one or more appraisals to establish the FMV of the property you are donating. Use the appraised FMV to calculate the eligible amount of the gift unless the [deemed FMV](#) rules apply. The eligible amount is used to calculate the tax credit you can claim on your income tax and benefit return. The appraised FMV is also used in calculating any capital gain or loss you may have from donating your property.

Who should appraise a gift?

For every situation, whether the property is **personal property**, **real property**, or **intangible property**, donors and qualified donees are encouraged to contact a professional appraiser, valuator, or other individual who is accredited in the field of valuation. That individual should be knowledgeable about the principles, theories, and procedures of the applicable valuation discipline and follow the *Uniform Standards of Professional Appraisal Practice* or the standards of the profession. Also, he or she should be knowledgeable about and active in the marketplace for the specific property.

The chosen individual should be independent. For instance, he or she should not be associated with the donor, the qualified donee, or another party associated with the purchase, sale, or donation of the property.

The individual should also be knowledgeable about the elements of a properly prepared and credible valuation report.

Where the FMV of the property to be gifted is less than \$1,000, a professional appraisal will probably not be required, but the donor should keep all documents supporting the determination of the FMV, in case we ask to see them.

Note

The Canadian Cultural Property Export Review Board (CCPERB) has requirements for appraisals. Before applying for certification, please consult the Review Board Secretariat. Contact information for the secretariat is given at [Designated institutions and public authorities](#).

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 that the gift is made. The donation date may not be the date of physical delivery, since a property may be on loan to the qualified donee before the actual donation date.

Receipts

Under proposed changes, the **eligible amount** of a gift is deemed to be nil if the donor fails to inform the donee of information that would be relevant to the application of the rules that would cause the eligible amount of a gift to be less than the FMV (see [Deemed fair market value](#)).

For donations of gifts in kind, the qualified donee can issue an official donation receipt after the property has been appraised. The receipt should show the FMV or deemed FMV of your gift. It will also show the [eligible amount](#) of the gift.

If your gift comes under the Cultural Property Export and Import Act, and the CCPERB has certified it, you will receive Form T871, *Cultural Property Income Tax Certificate*, from the Board. Attach Form T871 and the official receipt from the qualified donee accepting your gift, to your income tax and benefit return.

Generally, the eligible amount that qualifies for the tax credit applies for the year you give the gift. You can choose the part of the **eligible amount** of the gift you want to claim in the year and you can carry forward any unused part for up to five years.

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 donee, 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 fair market value (FMV) is **more than** its cost amount, you can designate any amount for the value of the donated property as long as it is:

- not greater than the FMV; and
- not less than the greater of:
 - the amount of any **advantage** in respect of the gift; and
 - the cost amount.

Use the amount you choose for the value of the gift as proceeds of disposition to determine your income. This amount will also be used to calculate the **eligible amount** of the gift, which you need to calculate the tax credit.

If, at the time you made the donation, the FMV is **less than** the cost amount, the proceeds of disposition must equal the FMV of the donated property. This amount will also be used to calculate the **eligible amount** of the gift, which you use to calculate the tax credit.

As an artist, you may donate a **work of cultural property** you created, from your inventory, to a designated institution or public authority. If you do this, and the Canadian Cultural Property Export Review Board (CCPERB) certifies the gift, we consider that you received proceeds of disposition equal to the **greater** of the cost amount of your gift and the amount of any **advantage** in respect of the gift. The amount that qualifies for the tax credit on certified cultural property will be based on the **eligible amount** of the gift, provided you meet all other requirements outlined in the section called [Gifts of certified cultural property](#).

Note

An artistic endeavour occurs when you are in the business of creating paintings, murals, original prints, drawings, sculptures, or similar works of art. An artistic endeavour does not include reproducing works of art.

When you calculate your income from an artistic endeavour, you can choose to value your ending inventory at nil. If you do this, we consider the cost amount of your gift to be nil. Your choice stays in effect for each following year, unless we allow you to change it. For more information, see [Interpretation Bulletin IT-504, Visual Artists and Writers](#).

Are you an art or antiques dealer?

If you buy and sell art, antiques, rare books, or other cultural property as a business, and you donate one of these objects, 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 fair market value of the

donated property at the time you donated it. You can claim a tax credit based on the **eligible amount** of the gift if it otherwise qualifies.

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; and
- 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. In most cases, you may find an indication of the fair market value for many of these items by checking dealers' catalogues, or by asking art, antiques, coin, jewellery, or stamp dealers.

Special rules may apply to personal-use property and listed personal property. For more information, see [Guide T4037, 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 want to sell or donate significant movable cultural property to Canadian heritage institutions or public authorities.

The [Canadian Cultural Property Export Review Board \(CCPERB\)](#) is responsible under the CPEIA for certifying property as cultural property that is of "outstanding significance and national importance".

It is also responsible for determining the fair market value 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. You use the **eligible amount** of the gift to calculate the non-refundable tax credit. The amount you can claim as a non-refundable tax credit is limited to the total amount of tax still payable after claiming your credits for any other charitable gifts.

After the CCPERB certifies your donation of cultural property, it will provide you with Form T871, *Cultural Property Income Tax Certificate*. However, it must first receive written confirmation from the institution or public authority that the legal transfer of ownership of the donation was made, and that the gift is irrevocable.

Certification of cultural property

Cultural property may be anything from paintings and sculptures to books and manuscripts to ethnographic and decorative art material. This property does not have to be of Canadian origin.

If you want your gift to be certified under the CPEIA, you need to contact the CCPERB. Contact information for the Review Board Secretariat, see [Designated institutions and public authorities](#).

The 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.

Certification by the CCPERB is only necessary if you want us to treat your donation as a gift of cultural property. It is not necessary if you want us to treat your donation as a gift to a registered charity or other qualified donee.

Designated institutions and public authorities

To be eligible to have cultural property certified, an institution or public authority has to be designated by the Minister of Canadian Heritage before the legal transfer of ownership of the property takes place.

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 meet all of the criteria for designation.

"Category B" status is granted exclusively in relation to the proposed acquisition of a specific object or collection. The concerned institution must meet most of the criteria for designation, and prove its ability to effectively preserve the specific property for which certification by the CCPERB is desired.

If you have any questions about designation or the certification of cultural property, or if you would like to get the CCPERB's publication called *Applications for Certification of Cultural Property for Income Tax Purposes - Information and Procedures*, contact the Review Board Secretariat in one of the following ways:

Telephone 819-997-7761

Toll free 1-866-811-0055

Fax 819-997-7757

Email bcm-mcp@pch.gc.ca

Web site [Canadian Cultural Property](#)