

D'Art report number 7

Encouraging Arts Philanthropy: Selected Resources*

February 2003

Introduction

This report presents interim results from IFACCA's seventh *D'Art* question, which was sent by Andrew Hunt, Manager of the Taxation and Cultural Statistics Section of Australia's Department of Communications, Information Technology and the Arts (DOCITA). Mr Hunt asks:

Question

The Department of Communications, Information Technology and the Arts is investigating ways that the Australian Government can encourage greater philanthropy for the charitable sector through enhanced income tax provisions. As a starting point, we are proposing to compare the effectiveness of Australia's provisions to those of other countries. We are particularly interested in comparisons with the USA, the UK, Canada and New Zealand, but would welcome information from any country that might be of assistance.

To help with its project, DOCITA is looking for:

1. Information on relevant philanthropic tax provision mechanisms in other countries.
2. Existing studies that compare such mechanisms between countries.

There were nine responses to this request (respondents are listed in Appendix 1). DOCITA would like to thank respondents for their invaluable contributions. The Department is using responses as input into its larger analysis of Australian tax provisions. We will highlight developments in the Department's project via our ACORNS newsletter. In the meantime, IFACCA has collated together responses in this 'interim' *D'Art* report for anyone wishing to research this important topic themselves.

This report is in two main parts:

- 1) Online resources – URL addresses for useful websites sorted by country/region.
- 2) Selected references – a list of useful publications (post 1990) for commencing a literature search on the topic.

This *D'Art* topic has generated much interest, and IFACCA intends to keep a watching brief on developments. We are keen to get your comments, suggestions and any additional references and links.

Online resources

D'Art Respondents supplied a variety of online links and resources on philanthropy and the arts. Links are described below, and listed by country/region.

Australia

DOCITA's own web page that outlines current tax incentives for providing donations to the arts:

http://www.dcita.gov.au/Collection/CollectionPage/0,,0_1-2_2-3_491,00.html.

Canada

Canadian Customs and Revenue Agency (CCRA) addresses tax issues and philanthropy from both the donor and the recipient point of view. The following links contain a variety of information sources:

http://www.ccra-adrc.gc.ca/tax/charities/consultation_policy-e.html.

<http://www.ccra-adrc.gc.ca/tax/charities/bulletins-e.html>

<http://www.ccra-adrc.gc.ca/tax/charities/circulars-e.html>

<http://www.ccra-adrc.gc.ca/tax/charities/guides-e.html>

The Canadian Department of Justice outlines the statutes and regulations of tax and charities in *Part V: Tax in Respect of Registered Charities* at

<http://laws.justice.gc.ca/en/I-3.3/63950.html>

Europe

In April 2002 the Spanish Presidency of the Council of the European Union, in cooperation with the European Commission, organized a Seminar on Cultural Sponsorship and Patronage in the framework of the European Union:

<http://www.mecenas-eu.net/>

'Legal' Country Profiles of the European Foundation Center:

http://www.efc.be/projects/eu/legal/country_profiles.asp

Information about legislative rules connected to private and corporate donations for culture in 17 central and eastern European countries can be found at the website of the Budapest Observatory : <http://www.budobs.org/tax.htm>. This page also provides a link to Inkei (2001b).

France

In December 2002 the French Government announced new measures aimed at encouraging arts sponsorship and the creation of arts foundations. View the media releases at

<http://www.culture.fr/culture/actualites/index.htm> and

<http://www.theartnewspaper.com/museums/museums.asp>.

Germany and Europe

The Bertelsmann Foundation has its own department that is concerned with philanthropy. In this context, the Foundation published the following book

<http://www.bertelsmann-stiftung.de/publisher.cfm?lan=de&nId=409>, which includes

an article by Paul Bater and Oliver Habighorst entitled 'Tax Treatment of Foundations and their Donors', as well as a comparative surveys of legislation governing charitable foundations in 24 European jurisdictions.

Singapore

A summary of incentive schemes for the arts administered by the National Heritage Board and National Arts Council in Singapore are at Appendix 2.

In 2002 the Singaporean government announced new tax measures to promote philanthropy. View the media releases at: <http://www.mof.gov.sg/budget/annex4.pdf>

The National Arts Council of Singapore's 'Special Account Scheme' aims to help arts organisations in their fundraising efforts and to encourage greater public support for the arts. Under the scheme, Special Accounts are opened for arts organisations to receive tax-exempted donations:

http://www.nac.gov.sg/arts_funding_special_Initiaives_01.html

United Kingdom

Inland Revenue – <http://www.inlandrevenue.gov.uk>

HM Customs and Excise – <http://www.hmce.gov.uk>

Charity Commission – <http://www.charity-commission.gov.uk>

Arts and Business – <http://www.AandB.org.uk>

Charities Aid Foundation (CAF) – <http://www.givingtoday.org>

Arthur Anderson and Co. – <http://www.arthurandersen.com/uk>

USA

In a recent development at the state (provincial) level in the USA, several states have formed 'cultural trusts', which are intended to be endowments functioning alongside the state's arts council. Donations to the trusts receive tax credits. An example can be found for Oregon at: <http://www.culturaltrust.org>.

The Center for Arts and Culture, Washington DC, has a number of interesting publications listed under the subject heading 'Private Sector Support': <http://www.culturalpolicy.org/bibliography/subject.cfm?Subject=37>.

International

International Bureau of Fiscal Documentation: www.ibfd.nl.

International Center for Not-for-Profit Law www.icnl.org.

Selected References

Listed below are publications that were recommended by *D'Art* respondents. Please note that this list is **not** intended to be a full bibliography of publications on tax and arts philanthropy. The selected references do, however, provide a useful initiation to the issues and literature on policies for encouraging philanthropy in the arts.

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*D'Art aims to consolidate and maximise the expertise of the world's arts councils and culture agencies. For more information visit www.ifacca.org

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Disclaimer: This report has been prepared by Christopher Madden, Research Analyst, IFACCA. Errors, omissions and opinions are the responsibility of the author and cannot be attributed to the respondents listed in Appendix 1, nor to the Board or members of IFACCA.

Appendix 1

Respondents

Responses to this D'Art question were received from:

- Guiomar Alonso of the Global Alliance for Cultural Diversity, UNESCO, France.
- Malte Boecker, Project Director Culture, Bertelsmann Stiftung, Germany.
- Clare Fenn, Assistant Research Officer, Arts Council of England.
- Péter Inkei, Executive Director, The Budapest Observatory on Financing Culture in East-Central Europe.
- José Pérez Lázaro, Subdirector General de Cooperación Cultural Internacional, Secretaría de Estado de Cultura, Ministerio de Educación, Cultura y Deporte, Spain.
- Siu-Yuin Pang, Graduate Student, Singapore.
- Lisa Roberts, Senior Policy Officer, Canada Council for the Arts.
- J. Mark Schuster, Professor of Urban Cultural Policy, Massachusetts Institute of Technology, USA.
- Stacey Tan, Director (Artist Development), National Arts Council of Singapore.

Thanks to everyone who contributed!

Appendix 2

Summary of Current Tax Incentives Schemes for Arts And Culture, Singapore

Reproduced with permission of the National Arts Council of Singapore.

NATIONAL HERITAGE BOARD

Type	Qualifying Criteria	Note
Double Tax Deduction	Donations of cash and artefacts.	Naming opportunities may be offered, but the names perpetuated must not belong to living individuals or existing organisations.
Single Tax Deduction	Donations of cash and artefacts, with naming opportunities given to donors and of which the names perpetuated belong to living individuals or existing organisations	
Exemption from Estate Duty	<ul style="list-style-type: none"> • Bequests (cash & artefacts); • Donations from Estates 	
Suspension of Import GST	All foreign loans	
Perpetuation of Names in NHB's Institutions and Facilities	Cash or artefact donations of at least \$1M	Donations that meet the stated criteria would be considered for naming. Minimum amount of donation required is \$1M.

NATIONAL ARTS COUNCIL

Type	Qualifying Criteria	Note
Double Tax Deduction	<ul style="list-style-type: none"> • Cash donations • Donation must be made to non-profit arts organizations registered with NAC 	Naming opportunities may be offered, but the names perpetuated must not belong to living individuals or existing organisations.
Single Tax Deduction	<ul style="list-style-type: none"> • Cash donations with naming opportunities given to donors and of which the names perpetuated belong to living individuals or existing organisations. • Donation must be made to non-profit arts organisations registered with NAC 	
Waiver of Withholding taxes for foreign artists	Only for foreign artists/arts groups performing in Singapore Arts Festival	Tax exemption only covers fee & allowance arising directly from the artistes' involvement in the Festival. It does not include income otherwise earned in Singapore.