



Library and Archives Canada

Directive on Monetary Appraisals and the Certification of Cultural Property



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1. Effective date

This directive has been approved by Management Team and takes effect on 15 April 2020.

2. Application

This directive applies to all Library and Archives Canada (LAC) acquisition activities relating to privately-held documentary heritage. This directive does not apply to acquisitions of government records, the acquisition of publications via the [Legal Deposit of Publications Regulations](#) or acquisition through the Web Archiving Program.

This directive falls under LAC's [Evaluation and Acquisition Policy Framework](#) (2016). Other LAC policy instruments that have an impact on the activities governed under this directive include LAC procedures related to monetary appraisal (external and internal).

This directive and all related procedures supersede *Tax appraisals and the certification of cultural properties policies and procedures* (2007).

3. Definitions

See Appendix A.

4. Context

This directive is intended to comply with the provisions of the [Cultural Property Export and Import Act](#) and those portions of the [Income Tax Act](#) that apply to the disposition of cultural property to designated organizations. It also intends to comply with any criteria or processes established by the Canadian Cultural Property Export Review Board (CCPERB) that provides tax relief to donors of gifts in kind and vendors of Certified Cultural Property to the Government of Canada. However, in the event of any inconsistency between this directive and the applicable legislation, the legislation must be followed.

This directive outlines the requirements for monetary appraisal, the issuance of Official Donation Receipts for Income Tax Purposes (tax receipts) by LAC, and conditions under which to submit an application for Certification of Cultural Property for Income Tax Purposes (an "application for certification") on behalf of donors/vendors to CCPERB.

When applicable, LAC is responsible for ensuring that monetary appraisals are conducted to identify the fair market value of donations and potential purchases, and to submit an application for certification to CCPERB. This responsibility extends

to donors and vendors of material from non-Canadians residing in nations with which there is an existing tax treaty and an appropriate tax mechanism (see the [Tax Treaties in Force](#)).

Tax receipts are issued by LAC as an incentive for the benefit of individuals and private for-profit organizations in recognition of donations of cultural property. LAC offers tax receipts in recognition of the gift rather than in exchange for the material. The value of the tax receipt is tied to the Fair Market Value (FMV) established through monetary appraisal.

For potential purchases, monetary appraisal enables LAC to spend money responsibly.

CCPERB issues cultural property income tax certifications for donations in kind and purchases to designated organizations to encourage culturally significant material to remain in Canada. Under the Cultural Property Export and Import Act, CCPERB has the authority to certify the outstanding significance of cultural property.

5. Purpose

The purpose of this directive is to outline what mechanism applies when LAC: requires monetary appraisal; issues tax receipts; and submits material for certification as cultural property to CCPERB.

This directive provides:

- Requirements for when tax receipts are issued by LAC;
- Direction on the conduct of monetary appraisals;
- Information on when internal or external appraisers are to be employed;
- Criteria for when to make an application to CCPERB.

The expected result of this directive is to ensure that all donations of gifts in kind, for which the donor has requested a tax receipt or cultural property certification, are subject to a monetary appraisal that meets a uniform standard; and that LAC spends money responsibly when considering purchases.

6. Requirements

6.1 Issuance of Tax Receipts by LAC

LAC has established a minimum value of \$500.00 for tax receipts to be issued. This requirement optimizes value for donors and is an efficient use of LAC resources.

A tax receipt will be issued for donations for which a tax receipt has been requested by the donor. For the sake of transparency, the archivist or librarian will ensure the donor is aware of the option for a tax receipt. In order to maximize service to donors and in recognition of a donor's ability to claim tax credits, LAC strives to provide a tax receipt for donations within five years of the date of the signing of the Deed of Gift.

In split donation-purchase acquisitions, a tax receipt is only issued for the donation portion. In this scenario, if a submission is made for cultural property certification, separate applications are submitted for each portion.

6.2 Mechanisms for determining Fair Market Value (FMV)

LAC assumes the costs of monetary appraisal in order to ensure equitable inclusion and representation within its collection.

LAC carries out in-house monetary appraisal for documentary heritage of \$4999.99 or less, and issues tax receipts without submitting an application for certification to CCPERB.

LAC establishes a contract for appraisal to be conducted by an independent appraiser or appraisal board in instances where an appraisal is estimated to have a value of \$5000.00 or greater.

LAC adheres to CCPERB requirements when the donor or vendor requests cultural property certification.

Where LAC is not satisfied with a primary independent appraisal, a secondary appraisal can be considered at LAC's expense. Donors can request secondary appraisals, in cases where the primary in-house or independent appraisal has been disputed, but shall cover the cost. Donor-initiated appraisals must comply with relevant CCPERB policies and criteria.

6.3 Applying for Cultural Property Certification

An application for cultural property certification can be submitted for material acquired through donation or purchase. The archivist or librarian submits an application for cultural property certification under the following circumstances:

- The FMV of the acquisition equals or exceeds \$5,000, and;
- The archivist or librarian determines the acquisition meets the CCPERB criteria for certification, and;
- The archivist or librarian receives the approval of the donor / vendor.

7. Roles and responsibilities

Tax appraisal and cultural property certification are shared responsibilities across LAC:

- The **Deputy Librarian and Archivist of Canada**, or their delegate, is responsible for implementing this directive.
- The **Chief Financial Officer** is responsible for issuing the tax receipt and for submitting applications to CCPERB.
- The **Directors General in Archives Branch and Published Heritage** are responsible for compliance with the requirements of this directive.
- **Directors, managers and staff** within the Archives Branch and Published Heritage Branch are responsible for managing and/or undertaking activities

related to monetary appraisal and the certification of cultural property in accordance with this directive.

8. Monitoring, evaluation and review

Archives Branch and Published Heritage Branch will review this directive to assess its effectiveness five years following the date it comes into effect, or as required.

9. Consequences

In support of this directive, managers will ensure corrective actions are taken to address instances of non-compliance with its requirements. Corrective actions may include training, changes to procedures and systems, or other measures that are deemed appropriate and acceptable in the circumstances.

10. Information

Directors General, Archives Branch and Published Heritage Branch
Library and Archives Canada
550, boulevard de la Cité
Gatineau (Québec)
K1A 0N4

Appendix A: Definitions

Fair Market Value (FMV)

Fair market value is normally the highest price, expressed in dollars, that 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. ([P113 - Gifts and Income Tax 2019 Pamphlet](#), Canada Revenue Agency)

Gifts in Kind

A gift in kind refers to a gift of property (a non-cash gift) such as capital property (including depreciable property) and personal-use property (including listed personal property). A gift in kind does not include a gift of services. ([P113 - Gifts and Income Tax 2019 Pamphlet](#), Canada Revenue Agency)

Official Donation Receipt for Income Tax Purposes (tax receipt)

A statement that identifies the form as an official donation receipt for income tax purposes. It acknowledges that a gift was made to Library and Archives Canada, and contains the information required by the Income Tax Regulations. ([Canada Revenue Agency](#))