Australian Government
Department of Infrastructure, Transport,
Regional Development, Communications, Sport and the Arts

What is the Cultural Gifts Program?



Sri Lankan Entwined swan pendant (*Hansa puttuwa padakkam*), mid 20th century.
Gift of Dinesh Sivaratnam through the Australian Government's Cultural Gifts Program, 2018.
Image courtesy National Gallery of Victoria, Melbourne.

Perhaps you're a dedicated collector of contemporary art. You may be an artist. Or have you compiled a collection of cartoons, magazines, or rare books? You may even have inherited an artwork, a set of scientific specimens or an archive of letters from a celebrated loved one. If so, you may wish to consider donating to a public institution through the Cultural Gifts Program (Program).

The Program helps make important cultural items accessible to the Australian public by providing a tax incentive for donors to donate art and cultural property to Australia's public galleries, libraries, archives and museums.



Outfit, '*Artiste*', designed by Linda Jackson, hand-painted by Charlotte Barnes, worn by Jenny Kee, Flamingo Park, Sydney, New South Wales, Australia, 1975. Powerhouse Collection. Donated through the Australian Government's Cultural Gifts Program by Jenny Kee, 2023.
Photograph Marinco Kojdanovski.



Pippin Drysdale, '*Desert Purple Haze*' from Tanami Mapping Series III, 2013. Bendigo Art Gallery Collection.
Donated through the Australian Government's Cultural Gifts Program by Jeromie Maver and Dean Keep, 2022.

Ildiko Kovacs, '*Edging in*' 2015-2017, oil on Masonite, 160 x 120 cm. National Art School Collection.
Donated through the Australian Government's Cultural Gifts Program by Ildiko Kovacs, 2018.



Why donate?

By donating an item of cultural significance, you are helping build Australian public collections for all to enjoy. Galleries, libraries, museums and archives are the keepers of our cultural wealth, collecting and sharing objects and artworks rich in history, innovation, and inspiration. Your donation will ensure our public collections will continue to grow, entrusting our public institutions to capture and share our stories, foster learning and encourage access and outreach.

What can I donate?

The Program has been running since 1978 and over the years a wide variety of cultural material has been received by public institutions—everything from train carriages to insect specimens. But often donations range from paintings, books, sculptures, manuscripts and personal papers to costume, jewellery, ceramics, technological, mechanical, scientific or social history collections.

Who can I donate to?

Donations can be made to Australian public galleries, libraries, archives and museums. The institution must be endorsed by the Australian Taxation Office (ATO) as a Deductible Gift Recipient (DGR) on the basis of being a public art gallery, museum or library (including archives). When you reach out to an institution, it's best to confirm they hold DGR status for Item 4 and you can look this up on https://abr.business.gov.au

To help decide where your donation will go, you may like to do some research on public institutions to get a sense of what they collect. Some public collections have a particular collection focus—for example ceramics, photography, archives, or geological samples—so it's a good idea to reach out and have a chat about how your prospective donation might fit within their collection. Alternatively, you may already know of a regional, state or national institution collecting in your area that would benefit from your donation. Whatever the approach, it's important to ensure that your donation complies with the public institution's collection policy.



Stephen Benwell, *In Arcadia*, 2004. Bendigo Art Gallery Collection.
Donated through the Australian Government's Cultural Gifts Program by Timothy North and Denise Cuthbert, 2022.
© Stephen Benwell and Niagara Galleries, Melbourne.
Photographer: Leon Schoots.



Julian Ashton, *[Storytelling]* or *[The Outing - Governess at Mrs Macquarie's Chair]*, 1889.
Bendigo Art Gallery Collection.
Donated through the Australian Government's Cultural Gifts Program in loving memory of Frances Ruth Gormlie by her family, 2024.
Photographer: Leon Schoots.



G.W. Bot, '*The Pillars of Hercules*' (detail), 2020.
Donated to the Logan Art Gallery through the Australian Government's Cultural Gifts Program by Emeritus Professor Sasha Grishin, 2023.

How can making a donation through the Program affect my tax?

By donating through the Program, you may be able to reduce your taxable income by the average value of the item(s) you have donated. This is how it works:

- your assessable income (money you earn from work or investments)
- *minus* your allowable deductions (such as costs you incur to earn your income or donations, such as those made through the Program)
- *equals* your taxable income (the amount you actually pay tax on).

The tax deduction claimed for donating cannot add to or create a tax loss. Depending on the value of the donation, the deduction can reduce your assessable income to nil in the tax year in which the donation is made, but any excess cannot be claimed in that year. However, in advance of lodging your tax return, you can choose to spread the tax deduction over a period of up to **five income years**. You may choose to do this because:

- you may not be able to claim the whole amount in the current financial year
- you earn a greater income in some years than others

To truly understand the tax implications of donating, it's important that you reach out to a recognised tax agent who can advise on your particular situation.

There are some limitations to the donation process, which donors should be aware of:

- **Testamentary gifts**: gifts that are donated via the Last Will and Testament of a deceased individual are not eligible under the Program
- **Conditions**: if you impose conditions on the donation that prevent the institution having full custody, control and clear title, this may reduce the amount of your tax deduction as specified by the ATO.
  - **Advantage received**: a deduction may be disallowed if you receive any advantages of a material nature (such as free or discounted membership) as a result of your donation.
  - **Donated within 12 months of acquisition**: if you donate an item within 12 months of acquiring it, the amount you can claim as a deduction is limited to the lesser of either the purchase price (for artists this will be cost of creation) or the item's current GST inclusive market value.
  - **Acquired for the purpose of donating**: if you acquired the item for the purpose of donating it, or subject to an agreement that you would donate it, the amount you can claim as a deduction is limited to the lesser of either the purchase price (for artists this will be cost of creation) or the item's current GST inclusive market value.
  - **Trading stock**: if you are a collector or artist and you donate the item(s) from your trading stock, your deduction is limited to the cost to you of acquiring or producing the item.

What can I expect through the donation process?

Once an institution accepts your donation, the next step is to complete a Certificate of Donation and obtain two valuations from Program approved valuers reflecting the GST inclusive market value of your donation. The institution will help you find approved valuers or may even arrange the valuations.

The department can only accept valuations prepared by people who have been approved to value items for the Program; and approved valuers must only value material within their approved classes.

Keep in mind that if the valuations are obtained solely to determine the market value of a donation made under the Program, donors are entitled to claim the cost of acquiring the valuations as a tax related expense (see section 25–5 of the *Income Tax Assessment Act* 1997 (The Act)). Any fees which valuers may charge are payable either by the donor or by the collecting institution—this should be settled in consultation with the recipient institution prior to the valuers commencing their work.

Once the Valuation Certificates are complete, the institution will submit these along with the Certificate of Donation on your behalf, via the department's online application system SmartyGrants.

The Program team will assess your application and send you a letter advising you whether you can claim the relevant tax deduction as part of your next income tax assessment.

Once the process is finalised, the institution receiving your donation will return the relevant documents to you for your tax records. You must keep your written evidence for **5 years** from the date you lodge your tax return.

While an artwork or object may hold sentimental or personal value for a private collector, this isn't always reflected in market demand. The same goes for insurance values, and potential donors should not consider these values as the benchmark for what value their donation might attract during a Program valuation where valuers are expected to substantiate their valuations with actual and verifiable sales evidence.

Although the Office for the Arts is working to reduce processing times, high application volume and complexity mean approvals may take 12 months or more after the department receives the application at which point you will receive notification that this has occurred.

Where can I find further information?

We encourage you to familiarise yourself with *The Cultural Gifts Program Guide* available via our website: https://www.arts.gov.au/what-we-do/cultural-heritage/cultural-gifts-Program

You can also visit the ATO website at:

https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/gift-types-requirements-and-valuation-rules/donating-under-the-cultural-gifts-Program#ato-Howmuchcanlclaim and

https://www.ato.gov.au/businesses-and-organisations/not-for-profit-organisations/gifts-and-fundraising/tax-deductible-donations/when-can-i-claim

Please reach out to the Program team if you have any questions via email: cgp.mail@arts.gov.au or call 02 6136 8017 during business hours.



Harold Sargison, *Bowl*, c. 1920. Tasmanian Museum and Art Gallery Collection.
Donated through the Australian Government's Cultural Gifts Program by Paul Coghlan, 2024

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