

Replace 3 separate links by 1 new link called "CCPERB Advisories" / "Avis de la CCEEBC"

= link goes to 1 page that has all advisories. Now and in future, we have capacity to change/update/delete advisories without having so many extra web pages floating around.

Canadian Heritage
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Canada

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Export Permits Apply for a Permit Appeals of Refused Permits Delay Notices

Import of Cultural Property Returns of Cultural Property

Policies and Legislation Publications and Reports Frequently Asked Questions

Canadian Cultural Property Export Review Board

The Canadian Cultural Property Export Review Board is an independent administrative tribunal that reports to the Minister of Canadian Heritage. As outlined in the *Cultural Property Export and Import Act* the Review Board is responsible for:

- certifying cultural property for income tax purposes;
- reviewing export permit applications that have been refused; and
- determining fair cash offers to purchase cultural property for refused export permits.

The Review Board's Role

Schedule of Meetings

Certification Meetings: the Review Board meets four times a year to certify cultural property for income tax purposes

<http://www.pch.gc.ca/eng/1346091768788/1346092823346>

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The Review Board's Role

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- certifying cultural property for income tax purposes;
- (cultural export permits) applications that have been refused; and
- determining fair cash offers to purchase cultural property for refused export permits.

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Export Permits Apply for a Permit Appeals of Refused Permits Delay Notices

Take same link to CCPERB Advisories on the CCPERB page, and insert it on the Tax Certification page (below). The same link should be on both pages.

<http://www.pch.gc.ca/eng/1346101874732/1346102605517>

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Tax Certification

Tax certification is a process defined in the *Cultural Property Export and Import Act* that encourages the transfer of cultural property from private hands to the public domain. This process ensures that cultural property of outstanding significance and national importance is preserved in Canadian organizations and made accessible to the public. The tax certification process is administered by the Canadian Cultural Property Export Review Board.

Tax Incentives

The following incentives in the *Income Tax Act* encourage Canadian taxpayers to donate or sell significant cultural property to designated organizations:

- exemption from capital gains tax on the certified cultural property; and
- non-refundable tax credits for the full fair market

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Import of Cultural

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Financement Sujets

Commission canadienne d'examen des exportations de biens culturels

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Organisations désignées

Attestations aux fins d'impôt
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Subventions
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Production et reconnaissance
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Le rôle de la Commission d'examen

La Commission canadienne d'examen des exportations de biens culturels est un tribunal administratif indépendant qui relève du ministre du Patrimoine canadien. Comme il est stipulé dans la Loi sur l'exportation et l'importation de biens culturels, la Commission est chargée :

- d'attester les biens culturels aux fins de l'impôt sur le revenu;
- d'élucider les demandes de licence d'exportation qui ont été refusées;

Take same link to CCPEBC Advisories on the CCPEBC page, and insert it on the Tax Certification page (below). The same link should be on both pages.

<http://www.pch.gc.ca/fra/1346101874732/1346102605517>

Patrimoine canadien pch.gc.ca

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Attestation aux fins de l'impôt

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Licences d'exportation
Demande de licence
Appels des licences refusées
Avis de délai

Le processus d'attestation aux fins de l'impôt défini sur le revenu dans la Loi sur l'exportation et l'importation de biens culturels favorise le transfert de biens culturels appartenant à des personnes ou à des organisations privées dans le domaine public. Ce processus vise à garantir que les biens culturels d'intérêt national et d'importance nationale seront préservés dans des organisations canadiennes et seront accessibles au public. Le processus d'attestation aux fins de l'impôt est géré par la Commission canadienne d'examen des exportations de biens culturels.

Incentifs fiscaux

Les incitatifs suivants prévus par la Loi de l'impôt sur le revenu encouragent les contribuables canadiens à donner ou à vendre des biens culturels importants aux organisations désignées :

- exonération de l'impôt sur les gains en capital pour

Advisory on Charitable Tax Receipts

When the Review Board has determined the fair market value of certified cultural property, the value determined by the Review Board must be used by the donor in respect of any gift of that property for a period of two years from the date of the determination, whether the gift is claimed as a charitable gift, or as a gift of certified cultural property, and whether or not a T871 has been issued.

When a designated organization withdraws its application from the certification process the charitable tax receipt subsequently issued by the organization should show the fair market value of the donated property at the time the gift is made. A registered charity that issues a charitable tax receipt that includes incorrect or false information may be subject to penalties or other sanctions, including the revocation of its registered status under the *Income Tax Act*. A donor who claims a tax credit or deduction based on such a receipt may be subject to a reassessment by the Canada Revenue Agency under the *Income Tax Act*.

Comment [u1]: Link to <http://www.pch.gc.ca/pgm/bcm-mcp/desgntw/index-eng.cfm>

Comment [u2]: Link to <http://laws.justice.gc.ca/en/i-3.3/index.html>

Comment [u3]: Link to <http://laws.justice.gc.ca/en/i-3.3/index.html>

Advisory Tax Shelter Gifting Arrangements

The Review Board suggests that designated organizations, donors and financial appraisers exercise caution when presented with proposals to participate in tax shelter gifting arrangements for cultural property.

Tax shelter gifting arrangements promote tax advantages as a primary motivation for donating cultural property to Canadian institutions. The Canada Revenue Agency has posted alerts online, which stakeholders involved with donations of cultural property are encouraged to consult.

Comment [u4]: Link to <http://www.cra-arc.gc.ca/gacy/trv/vahit-eng.html>

For purposes of administering the *Income Tax Act* and the *Cultural Property Export and Import Act*, information may be exchanged between Canada Revenue Agency and the Review Board. Applications for certification to the Review Board are asked to provide a tax shelter number if the cultural property is part of a tax shelter gifting arrangement.

Comment [u5]: Link to <http://laws.justice.gc.ca/en/i-3.3/index.html>

Comment [u6]: Link to <http://laws.justice.gc.ca/en/C-51/index.html>

CCPERB Advisories

- Purchase Price Update
- Advisory on Charitable Tax Receipts
- Advisory on Tax Shelter Gifting Arrangements

Purchase Price Update

March 2011

Following the February 2011 meeting of the Canadian Cultural Property Export Review Board, the purchase price requirement for applications for certification has been amended in response to points made by applicants. Information concerning the price paid for cultural property by the donor, while not an application requirement, may be useful to the Canadian Cultural Property Export Review Board (Review Board) in fulfilling its duties in determining fair market value when certifying cultural property. In those cases where the Review Board determines that purchase price is necessary for rendering fair market value determinations, the Board reserves the right to request this information at any time.

Advisory on Charitable Tax Receipts

March 16, 2011

In an effort to share important information with our stakeholders, the Canadian Cultural Property Export Review Board (Review Board) encourages designated organizations and donors to exercise due diligence when issuing or making claims with charitable tax receipts under the Income Tax Act.

1. When a designated organization withdraws its application from the certification process after being provided with an independent monetary appraisal obtained by the Review Board, the charitable tax receipt subsequently issued by the organization in respect of an irrevocable gift should show the fair market value of the donated property at the time the gift is made. A registered charity that issues a charitable tax receipt that includes incorrect or false information may be subject to penalties or other sanctions, including the revocation of its registered status under the Income Tax Act. A donor who claims a tax credit or deduction based on such a receipt may be subject to a reassessment by the Canada Revenue Agency under the Income Tax Act.
2. When the Review Board has determined the fair market value of certified cultural property, the value determined by the Review Board must be used by the donor in respect of any gift of that property for a period of two years from the date of the

Policy Discussions - February 2011 Board Meeting

Issuance of charitable tax receipts

Monday, February 21, afternoon session

Charitable institutions don't think clearly about this issue and about what they're doing when they issue a receipt in whatever value they want.

"General direction we are advising...we are consulting with CRA, this is not perfect, but want the Board's review and feedback, in order to show that they are exercising due diligence and are aware of what's out there."



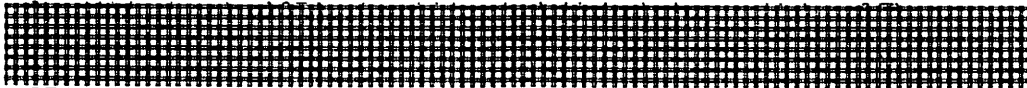
Ignorance of the law is no excuse.

CRA has no responsibility with respect to values determined by the Board, however they are responsible for regular charitable tax receipts. Under the terms of the MOU with CRA, if they find that values have been inflated for a charitable tax receipt, they could come back to the Board to ask for a position on the inflated value. This could result in a conviction of "improper receipting", which will affect their charitable status and therefore their designation status.

The Board Secretariat is obligated to give the appraised values of objects to the CRA, even if the file was withdrawn. Therefore, while we do not actively seek to expose these occurrences, it is conceivable that CRA will ask for Board information to prove these circumstances.

The Board has no power over the collecting practices of Canadian collecting institutions. The Board has specific authorities and practices under the terms of the Act and CRA, the Board has no authority to tell institutions what to do. We cannot ignore the law, but we have no real authority in this issue.

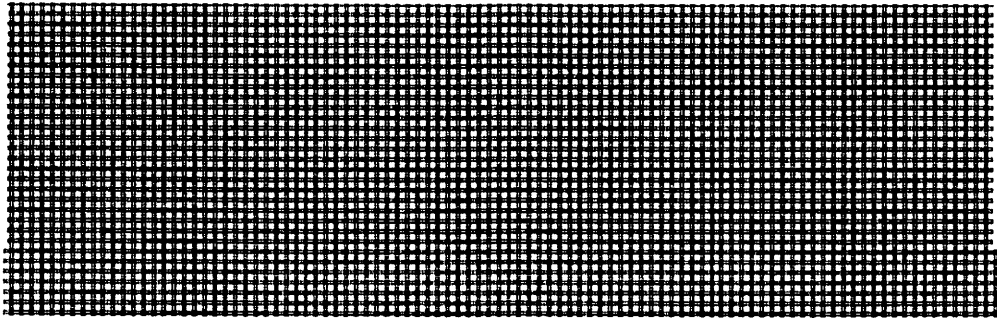
If the motivation is to protect the public institutions and therefore the Canadian public, it is a good thing to advise them as a "beware". It protects the interests of both parties involved. Removal of charitable status has huge implications.



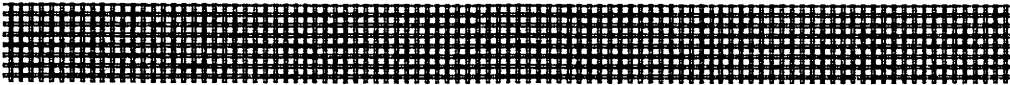
CRA does have this issue noted on their website.

An email will go out and the CMA will also post a link to it on their website.

This is all part of the process of tightening up the process of accountability.



It should not be the role of the Board to tell them to exercise due diligence. Perhaps the appropriate time to tell them this is the same place the Board tells them about the legality of the application process.



Marcel asked Board to "think about it" and let EC know.
The Secretariat will do an edit and send it back to the Board because the text needs to be "ratified by the Board."

Board approves the need to post this advisory with some modified wording.