

TYPES OF APPRAISAL

Donation (income tax) appraisal for non-cash charitable contributions that exceed \$5,000.

Estate tax appraisal made when the estate contains artwork. the valuation is at the date of death or the alternative date six months later.

Gift tax appraisal when works of art are gifted from one person to another person.

Insurance insurance companies are now more frequently requesting formal appraisals for replacement value from independent appraisers

FREQUENTLY ASKED QUESTIONS

Why do I need an appraisal?

The IRS requires an appraisal for non-cash charitable donations over \$5,000. see IRS publications 561 and 562. Appraisals for estates are done to determine the fair market value for the artwork. See IRS form 706. Appraisals for gifts are done to determine the fair market value for the gift. See IRS form 709. Appraisals for insurance determine the retail replacement value for an artwork.

What information is needed to request an appraisal?

It is very helpful to be given a description of the artwork starting with the artist's name. If you are sending an email please provide as complete a description as possible and a small jpeg image.

What are the important dates related to the appraisals?

Donated artwork is valued as of the date the receiving institution officially accepts the work into their collection. A donation for the current year must be accepted by the institution on or before December 31st of the same year.

The artwork in an estate is valued as of the date of death or an alternative date 6 months to the day after the date of death.

Artwork that is gifted is valued as of the date of the gift.

The insurance values are as of the date the appraisal is completed.

DEFINITIONS

What is fair market value?

The IRS recognizes only one definition of fair market value whether for donation, estate, or gift tax purposes: the fair market value is the price for which the property would change hands between a willing buyer and a willing seller, neither being under a compulsion to buy or sell and both having reasonable knowledge of the relevant facts. Treasury reg. 20.2031-1

What is retail replacement value?

This is the value most commonly used for insurance purposes. It is the highest value of an artwork as it is defined as the amount required to purchase a property of a similar age, quality, origin, appearance, provenance and condition within a reasonable length of time in an appropriate and relevant market.

What is USPAP?

The uniform standards of professional appraisal practice-These are the appraisal standards covering the development and communication of appraisers' opinions and conclusions published by the appraisal standards board of the appraisal foundation.