

# Cultural Gifts Scheme

Would you like to donate an important work of art or other cultural object for the benefit of the public or the nation and get a tax reduction in return?

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**The Cultural Gifts Scheme (“the Scheme”) enables UK taxpayers to donate important works of art and other cultural objects for the benefit of the public or the nation, whilst receiving a tax reduction based on a set percentage of the value of the gift being made. This leaflet outlines the purpose and process of the Scheme, identifying the benefits to potential donors and recipients (museums, galleries, libraries and archives).**



Kangaroo by Fabergé. Photo © Victoria and Albert Museum, London

Cover image: *The Great Belzoni* by Jan Adam Kruseman. Photo © The Fitzwilliam Museum, Cambridge

## What kinds of objects can be gifted?

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Applications under the Scheme may be made in respect of works of art, heritage objects, manuscripts and archives, but only objects that are found to be pre-eminent by the Acceptance in Lieu Panel (the Panel) will be considered for acceptance. In other words, objects must be of particular historical, artistic, scientific or local significance, either individually or collectively, or associated with a building in public ownership, such as a National Trust property, which will be expected to have open public access for at least 100 days each year. Objects must be in an acceptable condition.



*Self-portrait* by Raymond Ray-Jones  
Photo: Whitworth Art Gallery

## How does the Scheme work?

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Applications are made to the Arts Council and will be considered by the Panel on a first come, first served, basis.

The Panel consists of independent experts, who seek specialist advice – generally from museum curators, scholars and members of the art trade – on the object offered. If, having taken any expert advice into account, the Panel considers that the gift should be accepted it will make a recommendation for approval to the Secretary of State for Digital, Culture, Media and Sport or the appropriate Minister in the devolved nations in relation to the object's pre-eminence, fair market value and condition. Such a recommendation, however, will only be made if acceptance would not cause the annual budget for both this Scheme and the Acceptance in Lieu scheme to be exceeded.

Applicants may also express a wish as to which institution they would like the object allocated to and, whilst this cannot be guaranteed, the Panel will take this into account. Where the offer is made with a wish as to allocation, the recommendation will include the name of the proposed recipient. If the relevant Minister agrees with the recommendation, and there is no other reason why the gift should not be accepted, the applicant will receive a letter of acceptance.

Provided the applicant agrees to the terms in the letter of acceptance within 30 days, the object will then transfer from the donor to be held for the benefit of the public or the nation. HM Revenue & Customs (HMRC) will then apply the applicable tax reduction. Where a gift is made without a wish as to where it should be allocated, the Panel will consider the allocation after the gift has been accepted and its availability has been advertised.



# Which taxes are eligible for the reduction?

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The forms of tax liability which are eligible for reduction under the Scheme are Income Tax, Capital Gains Tax and Corporation Tax. The maximum value of the tax reductions are:

## **For Individuals**

30% of the agreed value of the object where the donor's liability is to Income Tax and Capital Gains Tax – the reduction can be spread across a maximum of five tax years beginning with the tax year in which the offer is registered by the Arts Council.

## **For Companies**

20% of the agreed value of the object where the donor's liability is to Corporation Tax – companies will not be able to spread the tax reduction: Corporation Tax can only be offset in the accounting period in which the offer was registered by the Arts Council.



## What are the benefits for the donor?

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- Individual owners of important objects and collections will be able to see their objects placed in appropriate institutions during their lifetime to be held in perpetuity for the public to enjoy
- Donors will receive a tax reduction based on a proportion of the value of the object they donate and, for individuals, the reduction can be spread across a maximum of five tax years
- Subject to the rules and exceptions contained within Schedule 14 to the Finance Act 2012, the donor will not be liable for Capital Gains Tax or Inheritance Tax on the gift
- Making a gift under the Scheme will ensure that it is maintained in good condition and made available to the public, in most cases, for a minimum of 100 days per year. Objects donated under the Scheme may not be sold without the prior consent of the relevant Minister



John Lennon's handwritten song lyrics and notes



*Orchids* by Dame Elizabeth Blackadder.  
Photo: Hunterian Museum, University of Glasgow

## What are the benefits for the acquiring museum, gallery or library?

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- The primary benefit for an acquiring museum, gallery or library is that it receives an important object at no cost
- Objects which may already have been on long-term loan can be acquired
- Objects of local interest can be retained, provided that they meet the criteria of the Scheme
- Objects which may have otherwise been sold abroad are secured for the benefit of the public or the nation

## What should I do next?

This leaflet outlines the main points of the Scheme. Inevitably each case will be different. After reading this we suggest you refer to the detailed guidance available to download on our website or contact us to find out more.

**[www.artscouncil.org.uk](http://www.artscouncil.org.uk)**

Email: [anastasia.tennant@artscouncil.org.uk](mailto:anastasia.tennant@artscouncil.org.uk) / [cecily.rainey@artscouncil.org.uk](mailto:cecily.rainey@artscouncil.org.uk)

Telephone: **020 7268 9553 / 020 7268 0530**

## Who can use the Scheme?

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Any individual acting in a private capacity with a liability to UK Income Tax or Capital Gains Tax and any company with a liability to UK Corporation Tax is eligible to apply. Donors must be legally and beneficially entitled to the object and the object must not be owned jointly (or in common) with others. Artists may donate their own work. In general, when a professional artist donates their own work, they automatically trigger a charge to tax and may also be liable for VAT. For more information contact the HMRC Heritage Team Helpline on 03000 580058. Trusts, trustees and personal representatives are not eligible to participate in the Scheme.

## Where will the object go?

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All objects accepted under the Scheme are allocated by the relevant Minister to an eligible institution to ensure that public access is guaranteed. Applicants will be able to express a wish that the object be transferred to an eligible institution of their choice but this will not guarantee that the object will be given to that institution. In most cases, it is expected that objects will transfer to the applicant's preferred institution. However, if the Panel considers the preferred institution is not appropriate for any reason, perhaps due to insufficient public access, it will discuss the allocation with the applicant in order to find an agreeable alternative. Where objects are donated without a wish or where a suitable alternative institution is not named, the availability of the object will be advertised on the Arts Council website (the National Archives will advertise the availability of any manuscripts or archives).

## How do I apply?

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Please complete an application form (available to download on the Arts Council website: **[www.artscouncil.org.uk](http://www.artscouncil.org.uk)**) and send a signed hard copy together with an electronic copy to the following address:

Cultural Gifts Scheme Secretariat  
Arts Council  
21 Bloomsbury Street  
London  
WC1B 3HF

**[AIL.Panel@artscouncil.org.uk](mailto:AIL.Panel@artscouncil.org.uk)**

Please ensure you include the following in your application:

- a description of the object
- a valuation at fair market value and a justification of it
- an explanation of why the object is considered pre-eminent
- a high resolution JPEG of the object;
- a current condition report
- details of where the object can be inspected and with whom inspection should be arranged
- evidence that the owner has good legal title to the object and details of its ownership between 1933-1945



Great Seal of Queen Victoria. Photo: British Museum