

Tax Issues



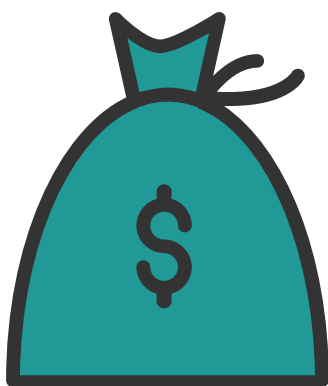
Charitable Deduction

There have been various proposals from both Republicans and Democrats to decrease the value of the tax deduction for charitable gifts. The proposals take many forms but nearly all would result in less being given to charity. This would hurt all types of charity, but the arts would be especially affected, because they rely more heavily on gifts than, for example, colleges and hospitals, which have more earned income. AAMD works with several over-lapping coalitions on this issue.



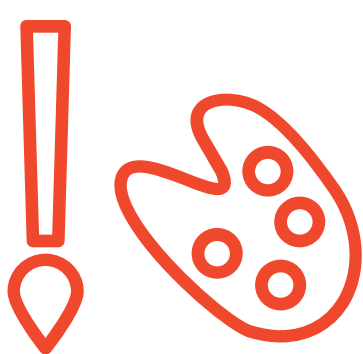
IRA Charitable Rollover

This provision allows people aged 70.5 to roll up to \$100,000 from an IRA account directly to charity. The gift counts towards the taxpayer's required annual withdrawal, but is not taxed. After years of being enacted on a temporary basis, the provision became permanent in 2015. Efforts are underway to expand it by raising the cap and by allowing gifts to donor-advised funds.



Unrelated Business Income Tax (UBIT)

Museums and other nonprofits must pay tax on income derived from business activities that are regularly carried on but are not mission-related. A set of arcane rules governs what a museum shop may sell without incurring tax, or how a museum restaurant is operated. Rules also govern exactly how a corporate sponsor may be acknowledged without crossing the line into advertising, income from which would be taxable. A recent proposal, for example, would count the naming of a special event after a single sponsor as advertising, even if the sponsor's product wasn't mentioned.



The Artist Bill

Artist-Museum Partnership Act

A collector who donates a painting can claim a tax deduction for its fair market value, but artists who donate their own work only get to deduct the value of paint and canvas. As a result, artists rarely donate valuable works, and the public loses out. There have been bipartisan efforts to change the law.