

On the other hand, visual artists who donate their own work are donating inventory and its full fair market value must be taken into income. Even with a charitable receipt permitting full deduction, artists are monetarily no further ahead: the amount coming into income is the same amount as the charitable deduction. If the amount of the donation exceeds 20% of the artists' income, the full value of the donation will not even be deductible in that initial year.

The artists point out that there is no financial incentive for them to donate to charity. The Sub-Committee agrees that the position of visual artists donating their own work is an undesirable anomaly. The encouragement of such donations through deductible receipts is already a feature of our income tax system and the Sub-Committee believes its benefits should be extended to this group.

### RECOMMENDATION

- 30. That the tax system provide financial incentives for visual artists to donate their own works of art to charity.**

### OTHER TAX ISSUES

As mentioned in the introduction to this Report, the title of the Disney Report, "Federal Tax Issues of Concern to the Arts Community in Canada", shows that its reach was considerably broader than this Sub-Committee's which has been restricted to the *Income Tax Act*. Nevertheless, a number of groups pointed out to the Sub-Committee that many of the problems in the customs, excise and sales tax area explored by Disney remained. Some, in fact, are now worse. Without examining in detail any of the technical aspects, the Sub-Committee urges the government to address again these recurring matters. To do so is essential in order to achieve the integrated approach described above needed for the arts community.

### RECOMMENDATION

- 31. That the government reconsider the federal sales tax, customs and excise issues identified by the Disney Report with a view to resolving longstanding areas of complaint by the artistic community.**