

### Government Orders

Under the scheme, which dates back at least 20 years, a donor buys a work of art for well below the artist's usual fee. The donor would then have the work evaluated for four or five times the amount he had paid for the work, donate the piece to a gallery, museum or registered charity and write off 100 per cent of the evaluated amount, art experts explained.

At the heart of the donation issue is the concept of fair market value.

Michel Rolland, president of a firm that facilitates art donations to public institutions, said that if a client was able to obtain a work of art for well below the usual going rate then the client has made a shrewd investment.

But a Revenue Canada brochure states that "the generally accepted meaning is the highest price, expressed in terms of money, that the property would bring in an open and unrestricted market between a willing buyer and a willing seller who are both knowledgeable, informed and prudent, and who are acting independently of each other".

In other words, if you were willing to only pay \$2,000 for a work of art then you should in all likelihood only get a tax receipt for \$2,000, said Robert Kerr, a Montreal chartered accountant who writes for the *Gazette*.

After five or so lean years many artists are desperate to sell their work at almost any price, said Thérèse Dion, a local art consultant.

Rolland's Art-Transit Int. Co. has paid Montreal artist Catherine Widgery 20 per cent of the usual price for her work. "If it is a \$10,000 work, I get \$2,000", she said.

Similarly, a copy of an Art-Transit artist's contract obtained by the *Gazette* shows that some artists are paid only 18 per cent of their usual rate.

"It seems like a win-win situation", said one Montreal artist who did not wish to be identified. "Museums are happy to get things free. Artists are happy because they have a bit of money in their pockets. So everybody is happy. What is not kosher is that a client is buying it (a work) at below its value, but getting the write off for a different amount".

Still the artist added "I find the whole thing a bit fishy, but everybody's doing it".

According to the documents obtained by the *Gazette*, Art-Transit's warehouse contained, as of January 26, a total of 7,241 works of art.

These include works by several artists.

The documents also show that some of the artists have enormous quantities of works with Art-Transit: Guiangoldo Fucito is listed as having 494; Francine Larivée has 440; and Claude Paul Gauthier has 485.

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The point is that while some people say it is a win-win situation, it is good for the artists and it is good for the people getting the write offs. It is profoundly unfair to taxpayers who are granting these people a write off for the full appraised value of the art work. In this case it is art work that was bought for \$2,000 but that according to the appraisal is worth \$10,000 and therefore the write off is \$10,000.

This thing is nothing but a huge rip off. We are talking about over 7,000 works of art in one company alone where this is being done. I have no idea what the value is but it has to be astronomical. This is not fair. This is a rip off.

Previous to 1977 when this legislation came into place people donated works of art, artefacts, sculptures, whatever, because

they wanted to give them to museums. They did it for altruistic reasons. They are philanthropic. They did not care about the write off.

There were museums previous to 1977. There were art galleries. There was lots of art in them. According to this article, since before 1977 we have had this problem with these scams. It would be bad enough if that were all there was to it. This tax credit is far richer than one can get if one donates to a regular registered charity.

If one donates to the food bank all one can do is donate up to 20 per cent of total income which is the most one can get a deduction for. However, if an art dealer or someone savvy who knows the tax law can work this deal they can actually write off their entire tax for a year by donating these so-called works of art. To me that is unbelievable.

A gentleman from an art gallery came in front of the Canadian heritage committee in Hamilton. In his judgment most people would give out of the goodness of their heart but there are some people who are on to this. He said it was probably the wealthiest people who would make the biggest contributions to the art galleries and take advantage of this situation.

What we have is a tax avoidance scheme, in my judgment, that permits the wealthiest Canadians to get away with paying little or no tax. That is profoundly unfair.

In the last budget the government was talking at length about how we had to have tax fairness. My hon. friend across the way is nodding. This is not tax fairness. This is not in alignment with any kind of taxation system that treats people the same way. Absolutely not.

Why are we fooling around with legislation like this? We should be rolling this legislation back. We should be bringing in a flat tax or a single tax or a proportional tax, a tax system that treats people equally. We certainly do not want one that treats people who donate art better than people who give to the food bank or to the Salvation Army or to the cancer society. That is ridiculous. How can we justify that? That is absolutely out of the realm of anything that makes sense.

I am sure people are wondering how much this costs Canadians every year. Last year there was something like \$60 million in tax deductions handed out. Depending on people's tax situation, it could amount to as much as the full \$60 million in actual loss to the Canadian treasury if people did not donate to anything else and it consumed absolutely all their income so they did not pay any income tax at all. That is not realistic, and I recognize that. However, suffice it to say that people did avoid paying millions and millions of dollars in taxation because of