

LEGACY & GIVING

Fine Art & Philanthropic Giving

Giving a piece of art to a cause or organization is rarely a transaction. For most serious collectors, it's a decision about legacy — the culmination of a lifetime of admiring, choosing and collecting. Fine art philanthropy happens for many reasons, has many destinations, and creates both personal and financial impact both for the donor and the receiving entity.

\$100M+ Given by one Miami collecting family to their hometown museum alone	30% AGI cap on deducting a gifted work's full fair market value, versus 60% for cash	0% Capital gains tax owed on a donated work's built-in appreciation, after one year of ownership
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Why collectors give

Jorge Pérez knows what it costs. The Miami developer and Related Group founder has spent decades building one of the country's most serious private collections of Latin American art. In April 2025, he and his wife Darlene gave Joan Mitchell's twenty-foot triptych *Iva* — which had hung on their bedroom wall for years — to London's Tate Modern. AP News reported that parting with it was wrenching for him. He gave it anyway, and the Pérez family has now given more than \$100 million to their hometown museum alone, now named Pérez Art Museum Miami in his honor.

That's the part worth sitting with before the tax conversation starts. The gift wasn't smaller because it was hard; it was the point. Most collectors who give seriously give across asset classes to a variety of causes — a university scholarship fund, a medical research center, a church, a non-profit fighting human trafficking, a symphony, a community foundation's endowment.

If art donation is purely to aid a non-profit financially — is it better to donate and let the organization sell — or sell yourself and donate the proceeds?

Donate the work - No capital gains tax for you — art sold personally is taxed as a "collectible," up to 28% federal, the highest long-term rate in the code - As a tax-exempt seller, the non-profit generally keeps the price when it sells. - You may still claim a deduction — fair market value or cost basis, depending on the recipient's use	Sell and donate the proceeds - Capital gains tax comes out first — up to 28% federal on the appreciation, before a dollar is given - Only what survives taxes and fees actually reaches the non-profit - The receiving entity misses the "marketing" opportunity for their organization.
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In 2012, Fisk University sold a half-interest in its Stieglitz Collection — 101 works given to the school by Georgia O'Keeffe — to Crystal Bridges Museum for **\$30 million**, resolving years of financial distress. As the owner of a donated asset, the university owed no capital gains tax on the sale.

What the tax code allows

A tax break is seldom the reason for giving art — it is what keeps giving from costing more than it has to cost. Give a work you've owned more than a year directly to a public charity, and you can generally deduct its full fair market value, up to 30% of adjusted gross income. Excess can be carried forward up to five years. You also owe no capital gains tax on the appreciation built into the piece — value that would otherwise be taxed the moment you sold it.

One rule decides whether that full deduction actually applies: the IRS's **related use** requirement. Give a painting to a museum that puts it on view, and the use is related — full fair market value. Give the same painting to a charity that simply auctions it off, and the deduction shrinks to what you originally paid for it. The recipient matters as much as the gift. A qualified, independent appraisal is required for any single work claimed above \$5,000.

Questions worth asking before you give

- Will the recipient put the work to a use related to its mission — on view, in a collection, in teaching — or would the gift be sold, limiting the deduction to cost basis?
- Is there a qualified, dated appraisal on file, and has the piece been held more than a year?
- How does the gift play into your larger estate or legacy plan?
- Would the next generation rather keep the piece — has anyone actually asked them?

Every conversation with us is confidential.

Through our network, we coordinate the appraisal, help identify the right institutional home, coordinate the gift with the receiving entity and work with your attorney to make sure it's structured correctly. We are here to make your giving both intentional and impactful.

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Sources: AP (Apr. 2025); IRS Pub. 526; IRC collectibles capital-gains rate; Fisk University–Crystal Bridges sale coverage (2012). Prepared by Fine Art Partners for private circulation.