DEPARTMENT OF THE TREASURY

Internal Revenue Service
Washington, DC 20024

CHARTER

THE ART ADVISORY PANEL OF THE COMMISSIONER OF INTERNAL REVENUE

1. Committee's Official Title. Art Advisory Panel of the Commissioner of Internal Revenue (the Panel).

2. Authority. The Panel's activity is based on the Internal Revenue Service's authority to administer the laws as conferred upon the Secretary of the Treasury by section 7801 of the Internal Revenue Code and delegated to the Commissioner of Internal Revenue. This charter is prepared and filed in accordance with the provisions of the Federal Advisory Committee Act, as amended (FACA), 5 U.S.C. App.

3. Objective and Scope of Activities. The Panel's purpose is to help the Internal Revenue Service review and evaluate the acceptability of the fair market value claimed on works of art and other personal property submitted by taxpayers for Federal Income, Estate or Gift taxes in accordance with sections 170, 2031 and 2512 of the Internal Revenue Code of 1986.

4. Description of Duties. The duties for which the Committee is responsible, all of which are solely advisory, are as follows:

    a. Prior to a meeting, each Panelist independently examines photographs or electronic images of the works of art and/or other personal property, reviews the taxpayer's appraisal information submitted in support of the claimed valuation, and the research conducted by an Art Appraisal Services (AAS) staff member. The Panelists are not told the identity of the taxpayer, the appraiser(s), or the tax consequences of adjusting the claimed value.

    b. At the Panel meeting, members are invited to express their opinions as to the acceptability of the claimed valuations. Those Panelists who disagree with a taxpayer's valuation may state their own estimate of value and the reasons therefore. Discussion on each appraised item continues until the Panel reaches a consensus of value. Its Chairperson, who moderated the discussion, announces the consensus of value as the Panel's official advisory conclusion.

c. In formulating their independent valuations, Panelists consider such matters as the authenticity of the claimed artistic attribution, the selling prices of comparable works of art, and other expert opinions. Panelists may also consider the condition, historic importance, or aesthetic qualities of the subject art work. In some instances, the Panelists provide the names of other appropriately qualified experts who are needed in the event of litigation. Occasionally, a Panelist might serve as such a witness.

5. Official to Whom the Committee Reports. The Panel reports to the Commissioner of Internal Revenue. The Panel shall provide a written report which will include the annual summary findings of its closed meeting activity.

6. Support Services. The IRS provides all necessary support services for the Panel.

7. Estimated Annual Operating Costs and Staff Years. The estimated annual costs to operate the Panel are about $68,000 (includes 3/5 FTE). While Panelists are not compensated for their services, they are reimbursed for travel-related expenses to attend about two to four meetings per year in accordance with 5 U.S.C. section 5703.

8. Designated Federal Officer (DFO). The DFO (or designee), a full-time federal employee appointed by the Director, Specialty Operations (Appeals) shall ensure compliance with the requirements of FACA and its implementing regulations. The DFO will approve or call all of the advisory committee and subcommittee meetings, prepare and approve all meeting agendas, attend all committee and subcommittee meetings, adjourn any meeting when determined to be in the public interest, and chair Panel meetings. The Director, Art Appraisal Services serves as the DFO.

9. Estimated Number and Frequency of Meetings. The Panel usually holds two to four meetings annually. These meetings may be closed under Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App. 2) due to the discussion of privacy information.

10. Duration. The Panel is a continuing advisory committee.

11. Termination. Unless formally continued, the termination date will be two years from the date this charter is filed.

12. Membership. The Panel consists of up to 25 members appointed as Special Government Employees. They are chosen for expertise in specific art areas based upon their experience and/or scholarship, and their reputation and recognition in the art world. They are usually prominent art dealers or directors and curators from the top museums in the country with experience in high-value

works of art. To ensure a diversified and informed opinion of valuations each Panel member will serve for a two-year term that may be extended at the discretion of the Director, Specialty Operations (Appeals) or designee. Term limits help ensure opportunities are available to other members of the art world to address varying specialties and emerging markets.

13. Subcommittees. The DFO has the authority to create subcommittees or workgroups. Subcommittees may be established for any purpose consistent with this charter, and they are comprised of Panel members. These subcommittees report directly to the Panel Chairperson, who is the Director, Art Appraisal Services.

14. Recordkeeping. The records of the Panel and its subcommittees will be handled in accordance with the General Records Schedule 26, Item 2 or other approved IRS records disposition schedule. The records will be available for public inspection and copying, subject to the Freedom of Information Act, 5 U.S.C. 552.

15. Filing Date. The filing date of this charter is FEB 6 2014.

Approved:

Date: 1-28-14

John A. Koskinen
Commissioner of Internal Revenue

Approved:

Date: 2/4/14

Nani Coloretti
Assistant Secretary for Management