

Securing the nation's literary heritage

Two proposals to encourage pre-eminent UK authors who are considering selling their literary archives to choose UK public institutions

These two proposals would encourage UK authors to deposit their papers with UK public collections, through extending to living authors tax incentives which currently are available to their estates after their death. At minimal cost to HM Treasury, they would enrich the wider research and cultural community throughout the UK, and demonstrate that the nation's literary culture is valued.

Proposal i) To extend the *douceur* arrangement with regard to inheritance and capital gains tax to income tax for living authors selling their papers to a designated UK public institution by private treaty

At present, a *douceur* can be applied to private treaty sales to public organisations after the writer's death. Any tax (i.e. capital gains and/or inheritance) potentially payable on the sale is waived and the benefit is split between the vendor (up to a maximum of 25%) and the public purchaser (minimum of 75%).

The sale of the manuscripts of living authors under UK tax principles is treated as an element of the business trading of the author and is subject only to income tax. The proposal is to extend the *douceur* arrangement to the sale of the manuscripts of living authors and allow the income tax that would potentially be payable to be shared between vendor and public purchaser. We further suggest a split of the *douceur* of 50:50, so that the division of the tax relief is more beneficial to the author than in the case of historic archives.

This extension of the *douceur* to the sale of important manuscripts would be a sufficient incentive to many authors to choose to offer to sell their papers with a UK institution, helping public institutions to compete on the open market in the purchase of quality collections which they otherwise could not afford. It should be stressed that such a measure would not increase demand for archives, as libraries would remain constrained by funds available to them and by their individual collection development policies.

Proposal ii) To extend the Acceptance in Lieu of tax scheme to living writers

The scheme currently enables owners to give archives to the nation in whole or part settlement of inheritance tax or one of its earlier forms. However, approaches can *only* be made after the author is deceased and no assurances can be given during an author's lifetime of future acceptance under the scheme.

Where papers are on loan to an institution during an author's lifetime, this can pose problems with regard to the commitment of funds for conservation or cataloguing of works which may then leave the collection after the author's death.

The proposal is to extend the AIL scheme so that authors, so far as their papers are concerned, can settle their estates while still living, rather than leave this task to family and heirs. In effect, this would simply be bringing the agreement forward rather than affecting any significant change to the current procedures or costs. In fact, the author is likely to bear any potential risk as the value of the archive would be agreed at the time. Future ownership of pre-eminent collections on loan could be guaranteed to institutions and therefore funds expended on their proper care. It is not recommended that any funds, or ownership, change hands prior to an author's death. There would be no additional financial burden on HM Treasury, or on the collecting institutions.