

## Appraisals and Valuations



Wherever and however you are buying art, the most reliable source of information on the monetary value of a work of art is nearly always an independent appraisal. An appraiser investigates the authenticity and condition of a piece as part of an appraisal. It is not always possible or economical to obtain an independent appraisal. To be considered independent, an appraiser should not have any connection with nor be compensated by the other party, unless that payment is disclosed and agreed to by the parties. The compensation to the appraiser should not be contingent on whether a sale is completed, nor on the amount of the valuation. The IRS will only accept an appraisal for income tax, estate or charitable donation purposes if it is performed by an independent appraiser, someone not involved in the sale nor related to a party.

The independence of valuations made by auction houses is a topic of some debate, especially among dealers. Dealers frequently complain that auction houses provide inflated auction estimates, which are not appraisals, in order to obtain items for auction. Dealers also complain that some of the practices of auction houses, such as guaranteed prices and non-recourse loans to sellers, drive up the prices of some art.

On the other side, a dealer's evaluation of the market value of a piece can be influenced by their agreement with the artist or owner consigning the work. Dealers typically handle a specific type of art or antiques, and may be out of their depth in valuing other objects.

The work of appraisers, and their professional standards, are described by the American Society of Appraisers ([www.appraisers.org](http://www.appraisers.org)), an association encompassing both real estate and personal property appraisers, and through the link on their web site to The Appraisal Foundation. Other professional associations focus on personal property, including art, such as the Appraisers Association of America (AAA)([www.appraisersassoc.org](http://www.appraisersassoc.org)), and the International Society of Appraisers (ISA) ([www.isa-appraisers.org](http://www.isa-appraisers.org).) The AAA's members are independent appraisers. ISA's membership includes independent appraisers, consultants, estate liquidators, auctioneers, gallery owners, and dealers. The American Association of Art Dealers ([www.artdealers.org](http://www.artdealers.org)) also offer an appraisal service and referrals to dealers for appraisals.

All of the associations listed above offer information on and referrals to members. Museums can also be a good source of referrals to qualified appraisers in your area.