



## EU Import VAT Changes - Works of Art

July 2024

Following our previous publication in respect of anticipated changes in the EU art market with regard to import VAT rates on works of art, the situation continues to be monitored as further information becomes available.

A VAT directive was introduced by the EU commission in April 2022 as part of a much wider EU VAT reform aimed at harmonising VAT rates in the EU and reducing distortion of competition within the single market.

The terms of the directive, which set an implementation date by EU member states of 1 January 2025, sets import VAT on goods being imported into the EU, including works of art, at a flat rate of 20%. However, there is the option for individual member states to choose a restricted number of lower VAT rates within certain categories.

This is an area of EU VAT that is constantly evolving as member states decide and announce how they will use their VAT reduced rate options. However, current indications of the intentions of certain EU member states, are as follows:

**France** - Post Brexit the lowest import VAT rate in the EU became France with its reduced rate of 5.5%.

Previous indications were that France would apply the standard rate of 20% to all imports, including works of art with effect from 1 January 2025. Understandably, this came a shock to the art world.

However, this is no longer thought to be the case and in fact France has chosen to extend the scope of its 5.5% reduced rate. This lower rate will apply not only to imports of art works into France and to first sales but also to all onward sales.

This will surely serve France well to remain a popular choice for art trades into and within the EU. However, it remains to be seen if this situation will alter further as a result of the French elections.

**Italy** – Italy is currently drafting new VAT legislation that is due to be released later in the summer.

It is understood that Italy will likely lower its current rate of 10% for imports of art work down to 6% and that it will expand the scope of this lower reduced rate.

**Germany** – It is believed that Germany plans to retain its lower rate of 7% for imports of art work.

**The Netherlands** – In contrary to other countries retaining or even expanding their reduced rates in respect of works of art, indications are that The Netherlands are in fact likely to increase their VAT rate for imports of art work to their standard rate of 21%.

This has prompted fears that art dealers will move their operations out of the The Netherlands to France.

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The above is intended as general guidance and an alert on evolving EU VAT changes affecting dealing in works of art in the EU. Businesses who are involved in importing works of art into the EU or deal regularly with EU clients should be aware of these changes and seek local VAT advice as appropriate.

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