Art & Finance Tax services
Your art, our tools
Introduction

Art can be viewed from several perspectives—as a store of wealth, a masterpiece to cherish, a family heirloom, a business, a part of a trust or estate, an investment or a gift to a cultural institution.

No matter one’s perspective on art, tax concerns are highly relevant to all actors in the art world, whether art collectors, artists, art businesses, or financial stakeholders.

Deloitte Luxembourg has been actively involved in the development of an art and finance cluster in Luxembourg as part of the diversification of the Grand Duchy’s economy.

Leveraging the strength of Deloitte’s Art & Finance initiative, our Luxembourg-based tax experts can help clients structure and maintain their art collections/businesses in a tax efficient manner irrespective of the jurisdiction(s) at stake.

Through a single point of contact in Luxembourg, you will access the Deloitte Global Network and benefit from its support when dealing with complex tax issues related to owning and dealing art as well as investing in the global art market.

Deloitte Luxembourg and the global network offer a wide array of art-related services to address clients’ needs on a worldwide basis, including:

- Gift and estate tax planning for collectors, family offices, wealth managers, and art advisors
- Intellectual property rights for artists and heirs
- Corporate tax for brick and mortar art businesses and online art businesses
- Philanthropy and charitable planning for collectors, family offices, wealth managers, and art advisors
- Import and export considerations for art stakeholders

The global art market is transforming, creating new opportunities

- Globalization of the €51 billion art market
- Financialization of the art market
- Digitalization of the art market
- New business models and sales channels
- Expanding class of Ultra High Net Worth buyers
- New economic reality for public arts institutions
Luxembourg - A great location to centralize your art and wealth business activity

Travel time
- Amsterdam: 1h
- Geneva: 1h
- London: 1h
- Paris: 1h
- Brussels: 2h
- Barcelona: 2h30
- Roma: 2h30
- Tel Aviv: 4h20

Area: 2,586 km²

Rating
- Standard & Poor’s: AAA
- Moody’s: AAA
- Fitch: AAA

Sovereign debt: 23.6%
- Maastricht criteria: <60%

Budget deficit/surplus: 0.6%
- Maastricht criteria: >3%

Source: Swiss International Institute for Management Development
GDP growth 3.5% for 2015
6th most competitive country in the World
Source: Swiss International Institute for Management Development

Population: 0.5 million
More than 40 nationalities
Languages: English, Luxembourgish, German, French

Work force: 40% are not Luxembourgers
145,000 commute from Germany, Belgium and France

Currency: €
80% of the EU’s GDP concentrated within a radius of 700 km

First wealth management Centre in Euro Zone
First investment funds centre in the EU
Home to many EU institutions
Founding member of major international organisations

Source: Swiss International Institute for Management Development
A journey to set up an art and finance cluster in Luxembourg

01/ Strong growth of the global art market
The global art market reached a total of €51 billion in 2014, an increase of 7 percent since 2013 and the highest level recorded. (Source: 2015 TEFAF Art Market Report)

02/ Deloitte’s eminence in the art market
- Art & Finance is part of the Deloitte purpose project D.com

03/ Art + Finance + Deloitte = Freeport
Deloitte worked with Luxembourg’s government for seven years to lay the foundations for the Freeport, which opened on 17 September 2014. Deloitte provided essential tax and VAT expertise in the process.

04/ Luxembourg: an art and finance cluster offering a full range of opportunities for different actors (e.g. wealth managers, artists, collectors, etc.)
How can we meet your needs?

Stakeholders and their priorities

**Art collectors**
- Localization and transfer of the assets
- Art funds and art-secured lending

**Artists**
- Image and brand management
- Intellectual property
- Creating a foundation in charge of the *postmortem* rights

**Art-related businesses**
- (art dealers, auction houses, Information Communication Technology firms dealing with Art, art logistic providers, insurance firms, art advisors, etc.)
  - Liquidity
  - Trading activity
  - Intellectual property
  - Cash reinvestment

**Financial stakeholders**
- (banks, insurance firms, family offices, wealth managers, etc.)
  - Mitigating income taxation
  - Wealth structuring and planning
  - Monetization of art and art funds (set up of regulated or unregulated vehicles)

Through a single point of contact in Luxembourg, you will access the Deloitte Global Network
Your tax concerns coordinated through one single point of contact

**Tax considerations**
There are various domestic tax or cross-border tax considerations to be potentially regarded. Deloitte Luxembourg is a gateway to a wide network of tax experts in 150 countries or territories.

Deloitte Luxembourg has been actively involved in the development of an art and finance cluster in Luxembourg as part of the diversification of the Grand Duchy’s economy.
Engaging current and prospective clients in a new and unique way

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<th>Sector</th>
<th>Clients</th>
<th>DTTL services</th>
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<td>• Private bankers and wealth managers</td>
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<td>• Family offices</td>
<td>• Tax</td>
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<td>• Private collectors and hedge funds promoters</td>
<td>• Audit</td>
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<td></td>
<td>• Art and collectible funds promoters</td>
<td>• Accounting &amp; Domiciliation</td>
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<td>• Art insurance companies</td>
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<td>• Art trading companies</td>
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<td><strong>Cultural sector</strong></td>
<td>• Public sector (art and culture strategies)</td>
<td>• Consulting</td>
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<td></td>
<td>• Large public museums</td>
<td>• Tax</td>
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<td></td>
<td>• Private museums</td>
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<td>• Private investors (individuals or companies)</td>
<td>• Accounting &amp; Domiciliation</td>
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<td>• Higher education</td>
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<td>• European institutions and supranational institutions (e.g., the World Bank)</td>
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<tr>
<td><strong>Art-related businesses</strong></td>
<td>• Primary market (galleries, art fairs)</td>
<td>• Consulting</td>
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<td>• Secondary market (auction houses)</td>
<td>• Tax</td>
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<td>• Digital art companies (online platforms, data dissemination companies, etc.)</td>
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<td>• Art logistics companies</td>
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<td>• International freeports</td>
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<td>• Art and media companies</td>
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Deloitte’s services span four broad, interrelated sectors within the art market’s complex ecosystem

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<th>Traditional consulting for art-related companies</th>
<th>Public sector, museum, cultural institutions strategy</th>
<th>Private wealth art-related services</th>
<th>Product development (i.e., art funds, art financing models)</th>
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<td>• Master planning &amp; feasibility study</td>
<td>• Wealth structure and planning</td>
<td>• Quantitative research</td>
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<tr>
<td>• Strategic &amp; business planning</td>
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<td>• Custodian services of non-bankable assets</td>
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<tr>
<td>• Organizational structure review and improvement</td>
<td>• Promotion and marketing strategy</td>
<td>(e.g., income tax, capital gains, resale rights, wealth tax, gift and inheritance, VAT, custom duties)</td>
<td>• Advisory</td>
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<td>• Digital strategy</td>
<td>• Real estate planning &amp; development</td>
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<td>• IT support</td>
<td>• Socio-economic impact and key contribution to regional development</td>
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<td><strong>Finance</strong></td>
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<td><strong>Art-secured lending</strong></td>
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<td>• Cost revenue structure review</td>
<td>• Assessment and strategy</td>
<td>• Business advisory services</td>
<td>• Structuring</td>
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<td>• Revenue strategies</td>
<td>• Accountability and risk mitigation</td>
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<td>• Selection and due diligence of art funds</td>
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<td>• Fundraising strategy</td>
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<td>• Regulatory audit services for collectible investment funds</td>
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<td><strong>Marketing</strong></td>
<td><strong>Finance</strong></td>
<td><strong>Art investment consulting</strong></td>
<td><strong>Art enhancement</strong></td>
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<td>• Image positioning &amp; branding</td>
<td>• Cost reduction</td>
<td>• Research</td>
<td>• Selection of third party services</td>
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<td>• Communications</td>
<td>• Cultural impact studies</td>
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<td>• Collection management</td>
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<td>• Know your customer</td>
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