

**Deloitte.**



**Art & Finance**

Art is your passion... Tax is ours

The Deloitte Tax Art & Finance Group is passionate about helping our clients' structure and maintain their art collections in a tax efficient manner.

The breadth and depth of Deloitte's tax specialists offer a wide array of art-related services to address the growing needs and circumstances of our clients in this distinctive field:

### Gift and estate tax planning

For individuals and families who maintain an art collection as a substantial portion of their wealth, gift and estate tax planning can be particularly important. The illiquid and hard-to-value nature of artwork makes it a special asset for planning purposes. The Deloitte Private Wealth practice can assist clients with structuring lifetime gifts or bequests at death. Our team is experienced with these specialized situations, from simple transfers to heirs to more complex transactions including partnerships, dynasty trusts and split-interests trusts. In any estate or gift planning situation, valuation will be an important consideration, as will auxiliary costs of insurance, storage and shipping. Alternatively, if an executor is tasked with selling a collection through a private sale or public auction, Deloitte can assist with planning for the income and transfer tax implications.

### Philanthropy and charitable planning

Individual donors may be able to take advantage of significant income, estate and gift tax deductions for charitable donations to cultural institutions. The Deloitte Private Wealth practice works with taxpayers to analyze and implement appropriate donation strategies, consult on related-use requirements, and review appraisal requirements for income and transfer tax returns. In addition, Deloitte specialists often work with charitably-inclined taxpayers on more complex gifts, including fractional donations and charitable remainder trusts.

The experienced Deloitte team will help donors implement these strategies to effectively manage their income tax or transfer tax charitable deductions. The Deloitte exempt organizations practice, meanwhile, can assist individuals and families with structuring private operating foundations to display and curate their collection. The exempt organizations practice also provides tax consulting and compliance services to not-for-profit organizations throughout the United States, including some well-known museums, such as the Art Institute of Chicago.

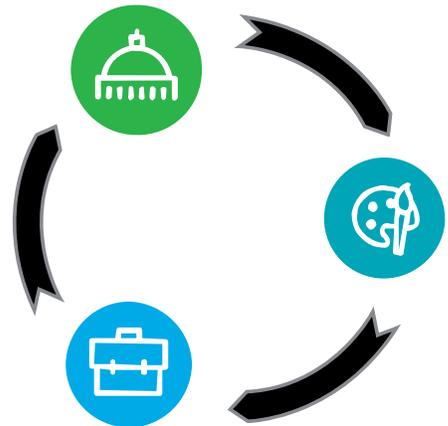
### Import and export considerations

In some instances, obtaining artwork, collector's pieces, antiques or cultural property may involve exporting the item from one country and importing it into another. In such cases, it is important to consider both the departure and arrival countries' export and import laws and restrictions prior to obtaining and transporting the item across borders. For example, certain types of art, artifacts and antiquities may be restricted or prohibited from export and/or import based on cultural

Individuals, family offices and asset managers are increasingly interested in art and collectibles as a diversification tool in investment portfolios. Yet many individuals and families also appreciate art for the non-monetary emotional and societal value it represents. Deloitte Touche Tohmatsu Limited's network of member firms has a global reach that allows us to provide services to clients in the U.S. market and abroad to address the complex tax-related issues of owning and investing in art in the global market.

property laws, international agreements, restrictions on materials, formalities on documentation, and other complexities. The assessment of customs duties depends on the proper tariff classification of the item as determined by factors such as the detailed characteristics of the item, its age, the circumstances of how it was made, and/or whether the item is a functional object or a collectible as defined by the customs authorities. In some cases, items may be eligible for duty-free treatment. Finally, the proper valuation of the item for export and import purposes must be considered.

Deloitte's Customs and Global Trade practice can help taxpayers analyze these issues and effectively navigate the complex, global import and export regulations that govern the cross-border movement of artwork, collector's pieces, antiques and cultural property. Our team can also help taxpayers identify possible duty reduction strategies.



### Value added tax (VAT) and goods and services tax (GST)

There are potential VAT/GST consequences to consider where art is sold, purchased, leased, donated or simply moved across borders in today's increasingly globalized economy. Over 150 countries in the world have some kind of VAT/GST system, and with VAT/GST rates ranging up to 27% it is important to fully understand the applicable rules in order to take steps to manage VAT/GST so that it does not create significant additional costs. In the art world, in particular, there are often special schemes and complex VAT rules that can apply where goods are sold by auction or donated/loaned to institutions, making it even more important to plan in advance and take steps to correctly understand the position. Deloitte's global VAT team based in the United States, backed by Deloitte Touche Tohmatsu Limited ("DTTL") member firm VAT professionals around the world, can help identify potential issues and navigate the complex VAT/GST world to mitigate the risk of unnecessary VAT costs to you and your business.

### U.S. sales and use tax

In the United States, 45 states and the District of Columbia impose some sort of sales or use tax with differing exemptions and procedures. As a result, owners, dealers and collectors will need to consider the potential sales or use tax consequences on purchases and / or delivery within the continental United States.

Deloitte's sales and use tax team can assist with tax planning, tax compliance and tax controversy services related to purchases or interstate movement of artwork and other collectibles. With each state — and with certain cities within those states — having unique tax laws, factors such as origin, status of seller, initial delivery locations, storage and final destination of the artwork all impact the tax planning and compliance process. Deloitte sales tax specialists around the country can offer insightful perspective, helping clients identify potential issues and tax-saving opportunities up front and before the transactions have occurred so sales and use taxes do not become an unwanted additional expense or surprise.

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