

The European Double-Tax Nightmare Brexit Scenario

July 7, 2016 by Marion Maneker



The Financial Times pointed out last week that the one sector of the SWAG universe that has seen increased sales in London as a result of the falling pound has been wine. The paper speculates that it is Asian buyers rushing to snap up big names at a discount that accounts for the reported rise in June sales year over year that more than doubled totals.

But the real issue Brexit creates for the art market, according to a leading art lawyer, is the potential for double duty to be paid when a work from Europe is sold to another European through a London auctioneer:

Collectors are currently able to use the UK as a low-tax gateway to move works freely around the EU into countries whose import duty is higher.

Import duty for artworks into Germany stands at 19 per cent, Italy 10 per cent and France levies 5.5 per cent.

But the free movement of goods around the EU, one of the bloc's fundamental freedoms, is likely to "go out of the window" according to Pierre Valentin, a partner at Constantine Cannon, the law firm.

"It will make no sense to import art into the UK, pay 5 per cent and import [that] art into Italy and pay Italian import VAT . . . The UK will lose that advantage."

Overseas art and wine buyers tempted by weak pound (FT.com)



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