



**PRIVATE
COLLECTORS**

NOT TAXABLE PERSONS



N O T T A X A B L E P E R S O N S

**HANDLING VAT
at LE FREEPORT**

About the authors of this booklet

FINE ART LOGISTICS NATURAL LE COULTRE

The Natural Le Coultre group of companies, with its more than 150 years of experience in storage and shipping, is present in Luxembourg through its affiliate Fine Art Logistics Natural Le Coultre, licensed operator at LE FREEPORT | Luxembourg. Natural Le Coultre, established in Geneva, Singapore and Luxembourg, specializes for over 30 years in shipping and storage of works of art. Our clients benefit from bespoke services that adapt to any type and size of collection.

In Luxembourg, our clients' works of art and high value objects are stored at LE FREEPORT | Luxembourg in one of its highly secured storage spaces with ideal conditions for conservation. LE FREEPORT | Luxembourg is the first free zone in the European Union to be dedicated to high value objects and enables our clients to benefit from its specific fiscal advantages.

VAT SOLUTIONS

VAT Solutions S.à r.l., an independent company established in Luxembourg since 2011, is a specialized consultancy for indirect taxation (VAT, customs and excise duties).

VAT Solutions has a proven track record with a wealth of experience gained through previous activities for Big 4 consulting companies as well as for prominent industrial and logistics companies in Luxembourg and France. Its many clients benefit from the company's know-how both in Luxembourg and the European Union. VAT Solutions' personalized approach provides for a perfect and secured management of VAT processing in their clients' companies. In context of this booklet VAT Solutions is since 2013 a consultant on the risks and opportunities in the area of VAT at the Luxembourg FREEPORT and on the unique aspects of VAT in the art world. VAT Solutions also provides training on Customs and VAT topics for MBA and Master's Degrees in highly ranked business schools in France.

You are a private collector, you own high value goods and you want to preserve them in a high-security storage area for a short or long term, then this booklet is for you.

The following explanations will provide you with all the necessary information to benefit as much as possible from the VAT advantages provided by the FREEPORT.

Please beware that if you regularly sell artworks that belong to you, you could be considered to be a taxable person and subject to a number of VAT rules that are not covered by this booklet. If there are any doubts please contact your licensed operator.

Which types of goods can I store at the FREEPORT?

LE FREEPORT was designed specifically for the storage of works of art, classic and collectible cars, fine wines and precious metals and provides ideal conservation and storage conditions. Please contact your licensed operator if you would like to store other types of valuable goods.



What is a licensed operator?

A licensed operator is a company that specializes in logistic services for art and high value objects and that has obtained a license to operate in the free zone by Luxemburg's Customs and Excise Administration. This license has a unique number formatted as LU/NNZF/xxx. You can request this number from your licensed operator as well as proof of their status of licensed operator.

Any movement at the FREEPORT, i.e. inbound, outbound and any handling can only be performed by a licensed operator.

In order for any subcontractor (for example a conservator-restorer) to suspend VAT on their services rendered inside the FREEPORT a licensed operator needs to act as intermediary.

Which documents do I have to provide to the licensed operator?

The licensed operator Fine Art Logistics Natural Le Coultre and the management company of the FREEPORT hold all users of the FREEPORT to the same principles of traceability, security and transparency. **To this end, the licensed operator must properly identify his clients and will provide you at the start of the business relationship with a number of documents detailing the information to be provided, most importantly on the owner(s) of the goods to be stored.**

During the course of the business relationship and for all movements or any transaction of goods stored or to be stored in the FREEPORT, the licensed operator will request from you any necessary documentation (invoices, cultural goods permits, etc.). You must provide the requested documents as soon as possible to enable the licensed operator to inform the Customs officials present at the FREEPORT in a timely manner.

Can you explain the «suspension» and «settling» of VAT?

Suspension of VAT is a temporary exemption of VAT: the payment of VAT that would be normally due is temporarily suspended and has to be settled when an object leaves the FREEPORT.

Removing goods from the FREEPORT requires settling VAT on any previous transactions that have benefited from a suspension of VAT, except when exporting outside the EU.

In order to settle VAT, the licensed operator draws up a list of all services having benefited from a suspension of VAT. The customs office at the FREEPORT issues an «order to pay» and you will have to pay the amount of VAT due.

Your licensed operator Fine Art Logistics Natural Le Coultre will assist you with the formalities to settle VAT.

Are the services provided at the FREEPORT invoiced including VAT?

Any services provided upon arrival at the FREEPORT as well as during the storage period of the object at the FREEPORT benefit, without any possible exception, from a suspension of VAT. VAT will have to be settled when an item is sold or when it leaves the FREEPORT, except in cases where the item is exported outside the EU.

I bought a non-Union object to be stored at the FREEPORT

Non-Union goods are goods that have not been permanently imported into the European Union. These can be objects bought outside of the EU or objects that are in the EU and benefit from a temporary admission. These objects are commonly qualified as «in transit».

Non-Union objects benefit from a suspension of VAT and duties when stored at the FREEPORT for an unlimited period of time. They can however leave the FREEPORT and remain in a suspensive regime. This requires a specific customs formality to be discussed with and implemented through your licensed operator.

Before any purchase, we recommend you contact your licensed operator to discuss and confirm any options for this specific purchase.

I bought Union goods to be stored at the FREEPORT

Union goods keep the advantage of free circulation even when stored at the FREEPORT and are subject to any applicable European VAT rules. The transfer to the FREEPORT is not equivalent to exporting outside the EU and does not enable a seller to invoice you without VAT.

If you do not wish to benefit from a suspension of VAT on your purchase, there are no specific formalities to perform. You should always request a commercial invoice from your seller containing all applicable and mandatory information. In this scenario no VAT will be due on the value of the object when it leaves the FREEPORT.

If you would like to benefit from a suspension of VAT on your purchase, the object needs to be transferred to the FREEPORT by the seller before the transaction takes place. In this case VAT will be due when you resell the object or when the object leaves the FREEPORT, except in case of an export outside the EU.

Before any purchase, we recommend you contact your licensed operator to discuss and confirm any options for this specific purchase.



What is the procedure to store objects you already own at the FREEPORT?

The owner of an object can store it without any restrictions specific to the FREEPORT. Your licensed operator will inform you of the documents that you must provide and assist you in organizing the transport as well as any customs formalities to enter the objects into the FREEPORT.

Any Union goods keep the advantage of free circulation even when stored at the FREEPORT. This means that no VAT will be due on the value of the artwork when it leaves the FREEPORT.

How do you handle a sale of an object stored at the FREEPORT?

Before you sell Union goods that are stored at the FREEPORT, you will need to settle any VAT due for services rendered during storage and (if applicable) on the item itself (settlement of VAT). If you sell a non-Union good you do not need to settle any VAT.

A private collector does not need to collect VAT when they sell an object. We recommend however that you put the following wording on your invoice: «Sale by a non-taxable person - outside of scope of VAT».

How do you remove an object you own from the FREEPORT?

You need to inform your licensed operator as soon as possible so they can organize the departure according to your requirements and schedule. They will assist you with the organization of the transport as well as any customs formalities.

Non-Union goods can leave the FREEPORT under a special customs regime to preserve the suspension of VAT on the object and on any services. You can also opt to permanently import the object in order to benefit from the advantages of free circulation inside the European Union.

For any Union goods you will need to settle VAT on any services provided to you and (if applicable) on the value of the object if it has been bought under suspension of VAT.

If you require further information on any of the elements discussed in this booklet, our prices or have any other question regarding the services provided at the FREEPORT, please contact Fine Art Logistics Natural Le Coultre or VAT Solutions



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