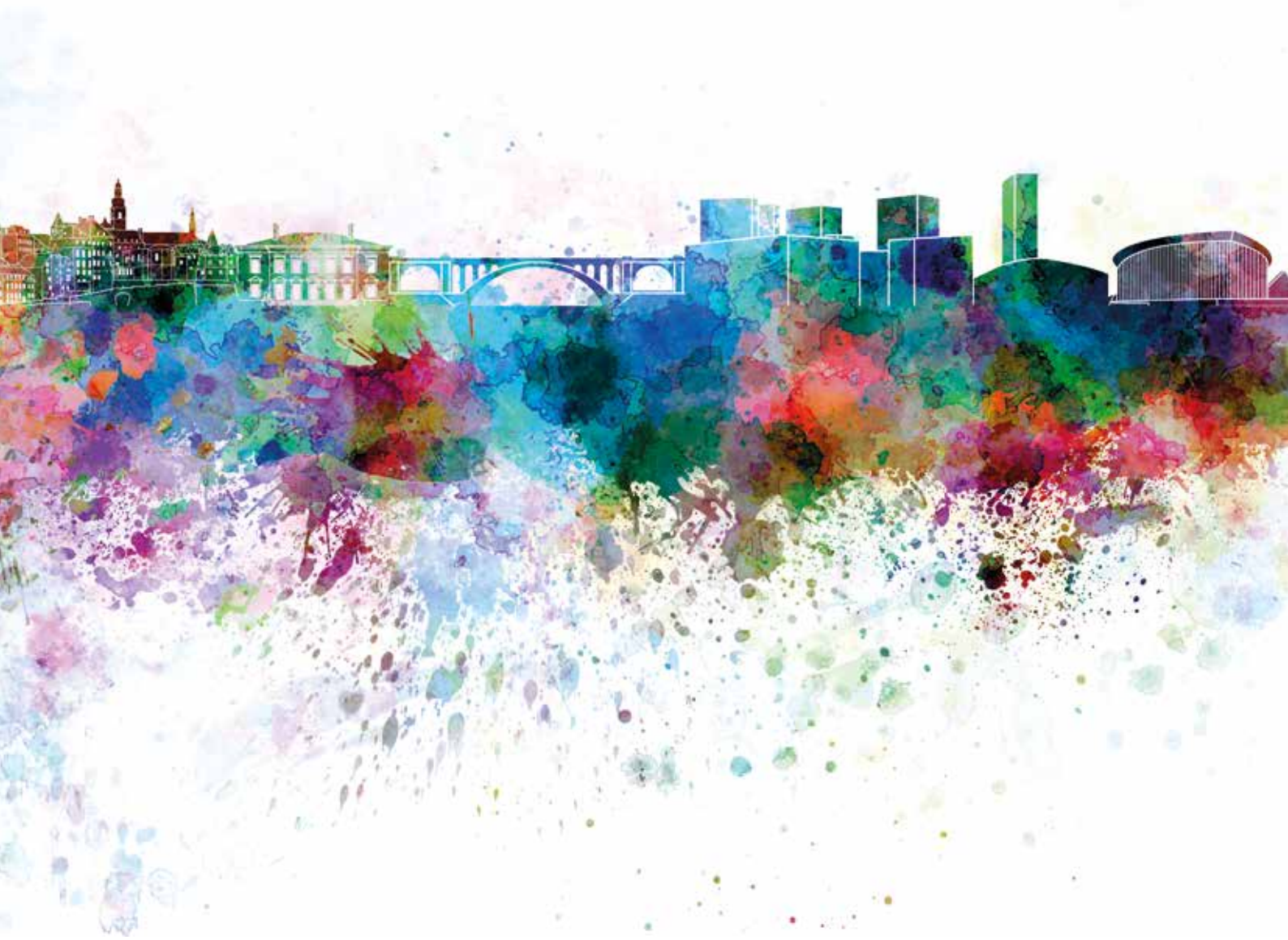




Art & Finance Tax services

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.

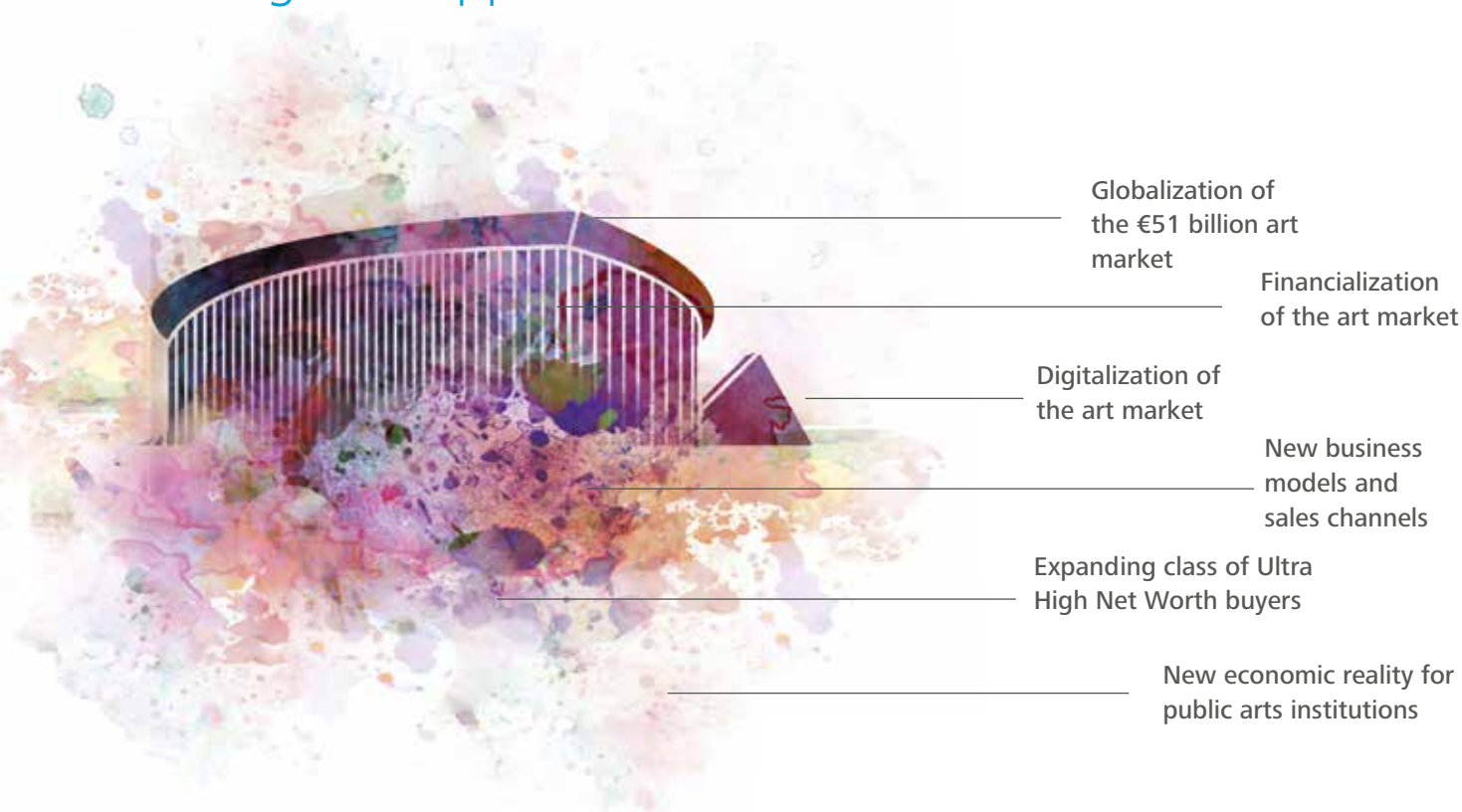
Leveraging the strength of Deloitte's Art & Finance initiative, our Luxembourg-based tax experts can help clients structure and maintain their art collections/business/services in a tax efficient manner irrespective of the jurisdiction(s) at stake.

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



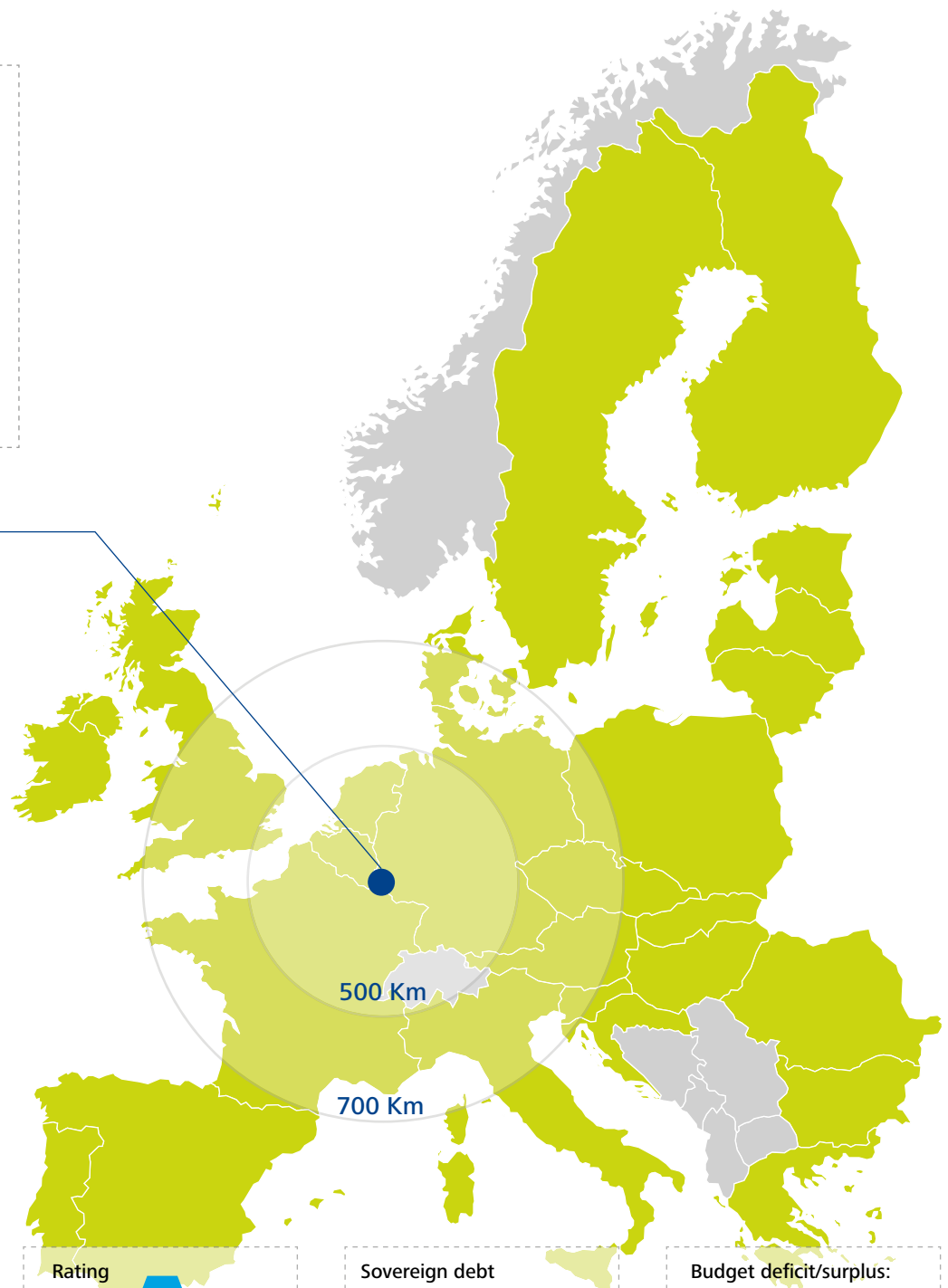
Luxembourg - A great location to centralize your art and wealth business activity

Travel time



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

Area: **2.586 km²**



Rating

AAA

Standard & Poor's
Moody's
Fitch

Sovereign debt

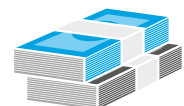
23.6%

Maastricht criteria: <60%

Maastricht criteria: >-3%

Budget deficit/surplus:

0.6%





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 investment
funds centre** in the EU

**First wealth
management
Centre** in Euro Zone



**Home to many
EU institutions**



**Founding
member**
of major international
organisations



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)

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.

02/

Deloitte's eminence in the art market

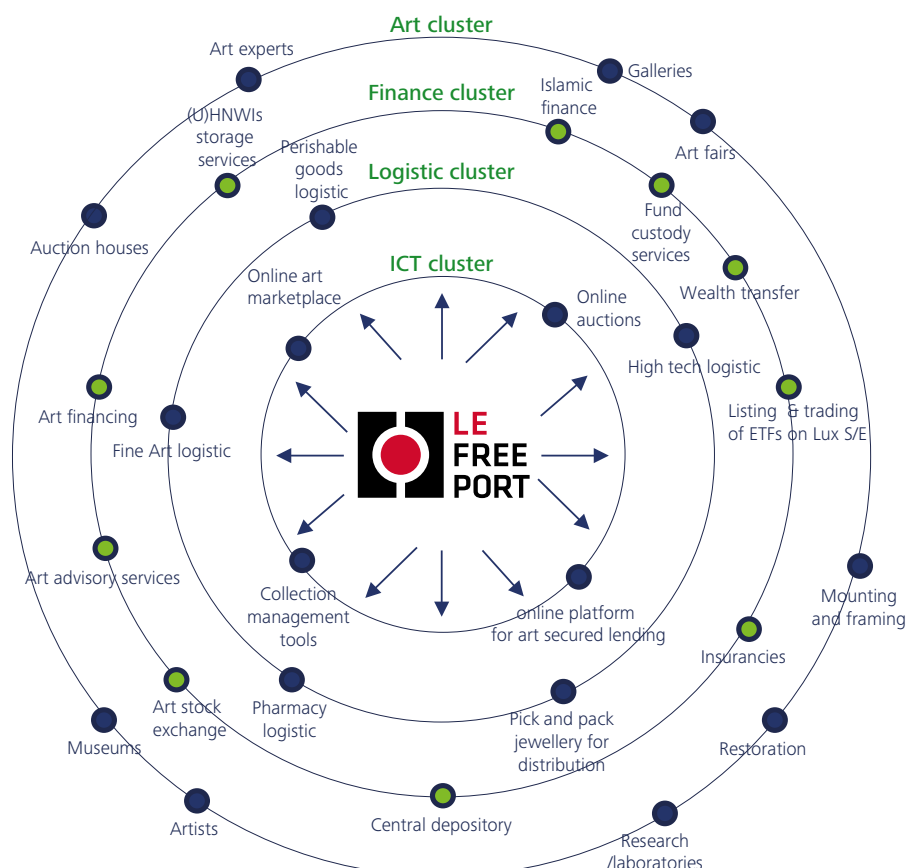
Deloitte Art & Finance Report 2014 distributed at the World Economic Forum (www.deloitte-artandfinance.com)

- Art & Finance conferences (280 attendees in 2014, 7th edition) (8th edition in New York)
- Art & Finance is part of the Deloitte purpose project D.com

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)

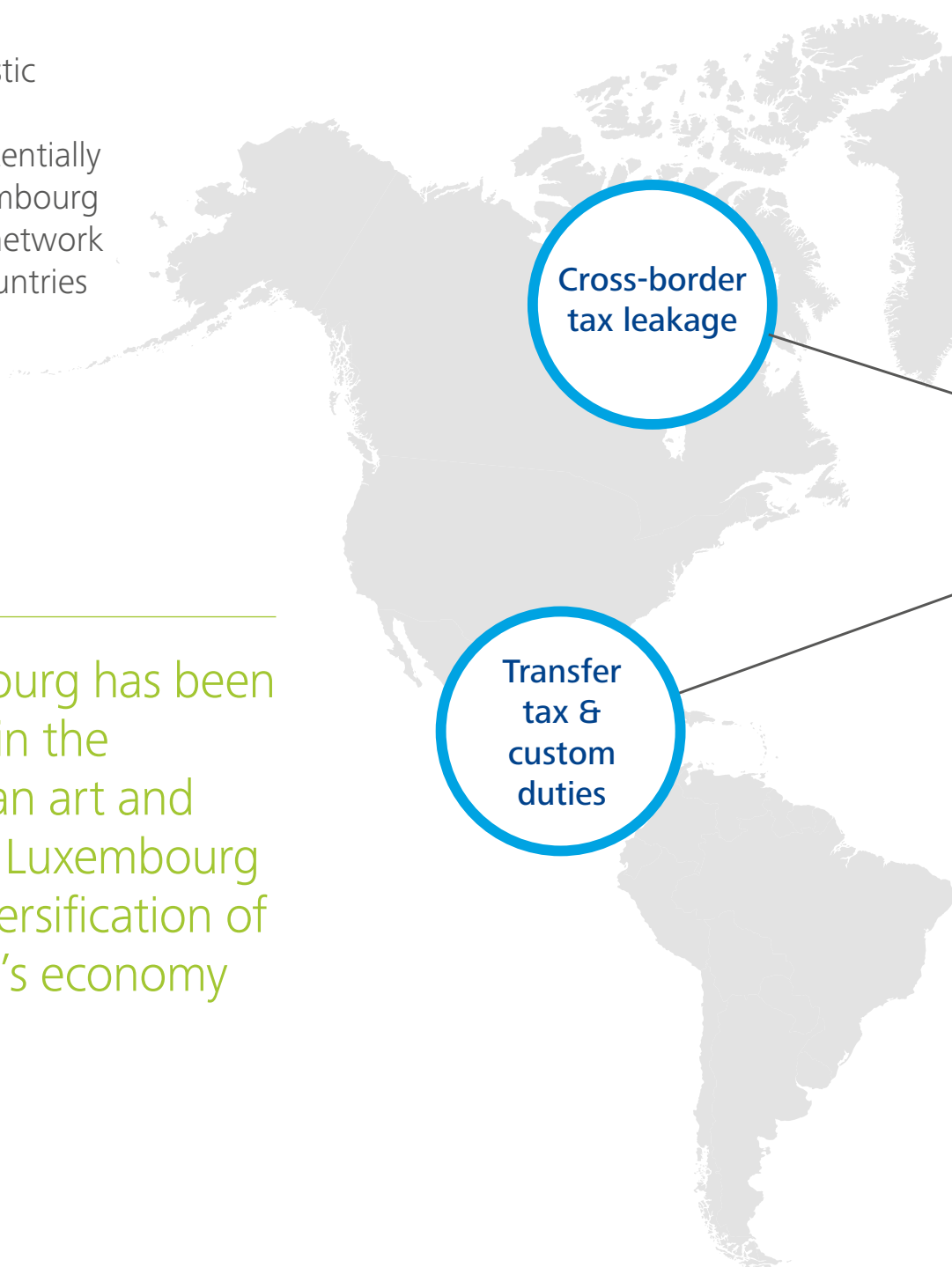
Through a single point of contact in Luxembourg, you will access the Deloitte Global Network

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



Cross-border
tax leakage

Transfer
tax &
custom
duties



Engaging current and prospective clients in a new and unique way

| Sector | Clients | DTTL services |
|------------------------|---|--|
| Financial sector | <ul style="list-style-type: none"> • Private bankers and wealth managers • Family offices • Private collectors and hedge funds • Art and collectible funds promoters • Art insurance companies • Art trading companies | <ul style="list-style-type: none"> • Consulting • Tax • Audit • Accounting & Domiciliation |
| Cultural sector | <ul style="list-style-type: none"> • Public sector (art and culture strategies) • Large public museums • Private museums • Private investors (individuals or companies) • Higher education • European institutions and supranational institutions (e.g., the World Bank) | <ul style="list-style-type: none"> • Consulting • Tax • Audit • Accounting & Domiciliation |
| Art-related businesses | <ul style="list-style-type: none"> • Primary market (galleries, art fairs) • Secondary market (auction houses) • Digital art companies (online platforms, data dissemination companies, etc.) • Art logistics companies • International freeports • Art and media companies | <ul style="list-style-type: none"> • Consulting • Tax • Audit • Accounting & Domiciliation |



Deloitte's services span four broad, interrelated sectors within the art market's complex ecosystem

| Traditional consulting for art-related companies | Public sector, museum, cultural institutions strategy | Private wealth art-related services | Product development (i.e., art funds, art financing models) |
|---|--|---|--|
| Strategy & operations <ul style="list-style-type: none"> • Market and competitor analysis • Strategic & business planning • Organizational structure review and improvement • Digital strategy • IT support | Strategic planning <ul style="list-style-type: none"> • Master planning & feasibility study • Business plan • Promotion and marketing strategy • Real estate planning & development • Socio-economic impact and key contribution to regional development | Tax <ul style="list-style-type: none"> • Wealth structure and planning • Direct and indirect taxation (e.g., income tax, capital gains, resale rights, wealth tax, gift and inheritance, VAT, custom duties) | Art investment <ul style="list-style-type: none"> • Quantitative research • Custodian services of non-bankable assets • Advisory |
| Finance <ul style="list-style-type: none"> • Cost revenue structure review • Revenue strategies | Grants management <ul style="list-style-type: none"> • Assessment and strategy • Accountability and risk mitigation • Fundraising strategy | Art-secured lending <ul style="list-style-type: none"> • Business advisory services | Art funds <ul style="list-style-type: none"> • Structuring • Selection and due diligence of art funds • Regulatory audit services for collectible investment funds |
| Marketing <ul style="list-style-type: none"> • Image positioning & branding • Communications • Education & learning | Finance <ul style="list-style-type: none"> • Cost reduction • Cultural impact studies | Art investment consulting <ul style="list-style-type: none"> • Research • Master classes • Seminars • Collection management | Art enhancement <ul style="list-style-type: none"> • Selection of third party services • Collection management |
| Tax <ul style="list-style-type: none"> • Import and export considerations | Global outsourcing and shared services centers | AML and forensics <ul style="list-style-type: none"> • Due Diligence • Know your customer | Education <ul style="list-style-type: none"> • Courses for financial professionals |

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