

**GUIDELINES RESULTING FROM THE 107th MEETING** of 8 July 2016  
**DOCUMENT C – taxud.c.1(2016)7692140 – 913 (1/1)**

**5. QUESTIONS CONCERNING THE APPLICATION OF EU VAT PROVISIONS**

- 5.2 Origin: Commission**  
**References: Articles 174, 175, 312 to 316, 319 and 322**  
**Subject: Special arrangements for taxable dealers and their supply of works of art**  
**(Document taxud.c.1(2016)4034805 – Working paper No 903 REV)**

The VAT Committee agrees **almost unanimously** that the purchase price, as defined in point (2) of Article 312 of the VAT Directive, shall be taken to mean everything which constitutes the consideration obtained or to be obtained from the taxable dealer by his supplier, including subsidies directly linked to the transaction, taxes, duties, levies and charges and incidental expenses such as commission, packaging, transport and insurance costs charged by the supplier to the taxable dealer.

With regard to promotional costs, such as the cost of presentations, repair and maintenance costs, transport and insurance costs, the cost of management of artistic projects etc., borne by a taxable dealer in connection with sales of works of art, the VAT Committee agrees **almost unanimously** that since they cannot be qualified as incidental expenses linked to the transaction, such costs may not be included as part of the purchase price. The VAT Committee further concurs **almost unanimously** that applying a presumption, as already agreed<sup>1</sup>, by which the profit margin amounts to a set percentage of the selling price in situations where a taxable dealer bears promotional costs, but the purchase price can be determined, shall not be compatible with Article 315 of the VAT Directive.

The VAT Committee agrees **almost unanimously** that where a taxable dealer incurs costs in respect of repair or the like of goods for which the special scheme for second-hand goods, works of art, collectors' items and antiques applies and since such costs cannot be attributed to their purchase price, the taxable dealer shall be entitled to a right of deduction of the input VAT paid or due in accordance with the normal rules as laid down in Title X of the VAT Directive. The VAT Committee confirms **almost unanimously** that this shall also apply in regard to promotional costs which are related to sales of works of art.<sup>1</sup>

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<sup>1</sup> Guidelines resulting from the 102<sup>nd</sup> meeting of 30 March 2015 – Document C – 859 – taxud.c.1(2015)3130399

**ATTENTION:** Please bear in mind that guidelines issued by the VAT Committee are merely views of a consultative committee. They do not constitute an official interpretation of EU law and do not necessarily have the agreement of the European Commission. They do not bind the European Commission or the Member States who are free not to follow them.  
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