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## VAT rate on sales and imports of Works of Art reduced to 5%

The Italian Government has introduced a significant change to the VAT regime applicable to sales and imports of works of art, collectors' items and antiques: the rate applicable will be reduced from 22% to 5%, as set out in Article 8 of a draft Law Decree which was approved on 20 June 2025 (the “Decree”).

The Decree amending Presidential Decree No. 633 of 26 October 1972 (the “VAT Law”) provides for the following:

- (i) reduction of the VAT rate to 5% for the sales and import of works of art, collectors' items, and antiques referred to in points (a), (b), and (c) of the table attached to Decree-Law No. 41 of 23 February 1995<sup>1</sup>, as amended by Law No. 85 of 22 March 1995 (“Decree 41/1995”);
- (ii) exclusion from the margin scheme for resellers if the relevant item was purchased (or imported) by a person who had already benefited from the 5% reduced rate (paragraph 1 of Article 8 of the Decree);
- (iii) repeal of number 127-septiesdecies of Part III of Table A of the VAT Law, and of Article 39 of Decree 41/1995 (which provides for a 10% rate for imports).

The reduced rate applies only to sales that are subject to standard VAT; therefore, it does not apply to sales which are subject to falling under the VAT special scheme for work of art or antiques (i.e. the so called margin scheme, according to which the taxpayer taxes the difference between the price paid for an item and the sale price, rather than the full selling price plus VAT).

The reduction of the rate does not extend to the entire works of art services such as transport, insurance, and other services provided by auction houses which continue to be subject to the standard rate.

<sup>1</sup> ‘Works of art, antiques and collectors’ items’ refer to those listed under letters a), b) and c) of the Table annexed to Decree-Law No. 41 of 23 February 1995:

- a) ‘Works of art’: paintings “collages” and similar small paintings (‘tableautins’), paintings and drawings, made entirely by hand by the artist, with the exception of plans by architects, engineers and other industrial, commercial, topographical and similar, hand-decorated manufactured items, canvases painted for theatre sets, art studio backdrops or similar uses (CN code 9701); - original engravings, prints and lithographs, namely copies obtained in limited numbers, in black or in colour, from one or more matrices entirely worked by hand by the artist, whatever the technique or material used, excluding any mechanical or photomechanical process (CN code 9702 00 00); - original works of statuary art or sculpture, of any material, provided they are entirely executed by the artist; castings of sculptures in a limited edition of eight copies, controlled by the artist or by those entitled (CN code 9703 00 00); on an exceptional basis in cases determined by Member States, for casts of sculptures made before 1 January 1989, the limit of eight copies may be exceeded; - tapestries (CN code 5805 00 00) and wall hangings (code NC 6304 00 00) made by hand from original designs provided by artists, provided that no more than eight copies exist; - unique examples of ceramics, entirely made by the artist and signed by the same; - enamels on copper, entirely handmade, limited to eight numbered copies bearing the signature of the artist or his studio, excluding small items and goldsmith's and jewellers' wares; - photographs taken by the artist, printed by him or under his control, signed and numbered, limited to thirty copies, of any format and medium;
- b) ‘Collectibles’: - postage stamps, revenue stamps, postmarks, first day covers, postal stationery and similar items, cancelled or uncanceled but not intended for use (CN code 9704 00 00); - collections and specimens for zoological, botanical, mineralogical, anatomical or of historical, archaeological, palaeontological, ethnographic or numismatic interest (CN code 9705 00 00);
- c) ‘Antiques’: goods other than works of art and collectors' items, which are more than 100 years old (code 9706 00 00).

The amendment to the current regime is part of the broader EU framework outlined by Directive (EU) 2022/542, which allows Member States to reduce VAT rates to certain categories of goods and services, including works of art. The 5% rate, once effective, will allow Italy to become competitive with other EU countries which have already considered to boost the sector lowering the VAT (e.g., France: 5.5%; Germany: 7% and the Netherlands: 9%).

The 5% rate is now one of the lowest in Europe, comparable only to that applied by Cyprus, Malta and the United Kingdom (but only for imports), and it represents an important incentive for collectors, artists, dealers and investors.

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