

ACQUISITION OF ARTWORKS FROM LIVING ARTISTS

Article 238 bis AB of the French General Tax Code allows companies registered in France (including professional practices) that buy original artworks from living artists and allocate them to an immobilized assets account, to deduct from the acquisition year end and from the four following years, in equal fractions, an amount equal to the purchase price, limited to 0,5% of annual turnover (238 bis of the general French tax regulations).

This deduction is reduced by the total amount of other deductions made for sponsorship mentioned in article 238 of the French General Tax Code (CGI).

In order to benefit from such a tax deduction, companies must show the works of art in the corporate premises or during exhibitions organized by the company or a third party.

The only requirement is that the work of art be in effect accessible to the public, which means that it may not be placed somewhere that is only accessible by a restricted group of people such as a private office.

The Company must enter a sum equal to the deduction applied in accordance with the first paragraph into a special reserve account under balance sheet liabilities, on the understanding that this sum will be added back to the taxable earnings if the artwork is re-assigned or transferred or deduction made from the reserve account.