

## UK TAX GUIDE

This Guide outlines the Value Added Tax (VAT) treatment of Lots sold in our London auctions. It covers the most common types of transactions, although other situations may arise. We offer this information solely as a courtesy. As every buyer's situation is different, we cannot offer specific tax advice. You are advised to, and are responsible for, obtaining independent tax advice where necessary.

The VAT rates and conditions are correct at the time of publication but can change. If the VAT rates and conditions change between the date of publication and the auction date, the rates and conditions in force at the time of auction will apply. Where Lots move from one tax status to another following purchase, the rates and conditions in force at the time of that movement will apply.

Depending on the **status of the lot**, and your **status as a buyer**, VAT may be charged on the **hammer price**, the **buyer's premium** or both.

### TYPES OF LOTS AND THEIR VAT TREATMENT

#### UK Auctioneer's Margin Scheme Lots

Second-hand goods qualifying for treatment under UK Auctioneer's Margin Scheme rules have no VAT symbol in the auction catalogue and are treated as follows:

VAT Symbol	Taxation basis	VAT Treatment
No symbol	UK Auctioneer's Margin Scheme sale	20% in lieu of VAT on the buyer's premium*. (The invoiced buyer's premium will include the VAT).

\*For items not normally subject to VAT (e.g. books), the rate of VAT will be 0% and no charge in lieu of VAT will be made.

#### Lots with Special VAT Treatment

If a Lot has one of the below symbols in the auction catalogue, the VAT treatment will be as follows:

VAT Symbol	Taxation basis	VAT Treatment
†	Standard UK VAT rules	20% VAT charged on both the hammer price and buyer's premium
‡	Lot under Temporary Admission (Low rate)	5% import VAT on the hammer price** and 20% in lieu of VAT on the buyer's premium
Ω	Lot under Temporary Admission (High rate)	20% import VAT on the hammer price** and 20% in lieu of VAT on the buyer's premium

\*\* UK VAT registered buyers – Please provide Phillips' shipping department with your VAT details, so that the import paperwork correctly identifies your business as the importer. The Import VAT shown on the invoice is insufficient evidence of import VAT paid.

## EXPORTING LOTS FROM THE UK

The following types of VAT may be cancelled or refunded by Phillips if the Lot is exported from the UK within the time limits specified below provided that other strict conditions are met (see *Conditions for Claiming VAT Refunds* below). Since 1 January 2021, exports from the UK include exports to businesses and individuals in the European Union.

VAT Symbol	Taxation basis	VAT which may be cancelled or refunded if Lot exported	Time limits for exportation	Proof of export documentation required
No symbol	UK Auctioneer's Margin Scheme	20% in lieu of VAT on the buyer's premium	3 months from the sale date	Original correct paperwork stamped by HMRC (UK tax authority) showing the Lot has been exported from the UK within 3 months of the sale date
†	Standard UK VAT rules	20% VAT charged on the hammer price NB: No refund is possible for the 20% VAT charged on the buyer's premium	3 months from the sale date	Original correct paperwork stamped by HMRC (UK tax authority) showing the Lot has been exported from the UK within 3 months of the sale date
‡	Lot under Temporary Admission (Low rate)	5% import VAT on the hammer price and 20% in lieu of VAT on the buyer's premium	90 days from payment	Original correct paperwork stamped by HMRC (UK tax authority) showing the Lot has been exported from the UK within 90 days of payment <i>Please liaise with Phillips' Shipping Department to ensure the export is handled correctly</i>
Ω	Lot under Temporary Admission (High rate)	20% import VAT on the hammer price and 20% in lieu of VAT on the buyer's premium	90 days from payment	Original correct paperwork stamped by HMRC (UK tax authority) showing the Lot has been exported from the UK

				within 90 days of payment <i>Please liaise with Phillips' Shipping Department to ensure the export is handled correctly</i>
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#### Cancelling UK VAT charges upon export

Provided a buyer instructs a Phillips authorised carrier to export the Lot and accepts the export quotation provided by that authorised carrier, Phillips can issue a "Zero-rated" invoice (i.e. without the UK VAT).

Export arrangement	Conditions for cancellation of UK VAT charges
<b>Lot exported using a Phillips` authorised carrier</b>  <i>Note: Phillips will obtain the required proof of export paperwork directly from its authorised carrier</i>	Buyer must at or before the time of invoicing: <ul style="list-style-type: none"> <li>instruct a Phillips` authorised carrier to export the Lot; and</li> <li>accept the export quotation provided by that authorised carrier</li> </ul>

#### Refunding UK VAT charges following export

If a buyer instructs a carrier who is not a Phillips authorised carrier, the buyer must pay for the Lot in full, including the UK VAT. Upon receiving satisfactory proof of export (i.e. copies of the required export documentation and declarations accepted by HMRC) Phillips can refund the buyer the UK VAT paid.

Export arrangement	Conditions for refund of UK VAT charges
<b>Lots exported using a carrier who is not a Phillips authorised carrier</b>  <i>Note: Carriers who are not Phillips authorised carriers must collect copies of original import papers for the Lot from Phillips' Shipping Department.</i>	<ul style="list-style-type: none"> <li>Buyer must have paid the UK VAT in full</li> <li>Lot must have been exported within the required timeframe (see Exporting from the UK above)</li> <li>Phillips' must have received satisfactory proof of export once all export documentation and declarations have been accepted by HMRC.</li> <li>VAT to be refunded must be £50 or more per shipment</li> <li>A processing fee of £20 (plus any applicable VAT) will apply.</li> </ul>

#### Please Note:

- We cannot refund the UK VAT paid if the export documents do not comply exactly with governmental regulations.
- If the Lot is under Temporary Admission in the UK (i.e. with £ or £ symbol) and is imported to the UK after purchase (i.e. collected by the Buyer in the UK), before then being exported, we cannot refund the UK VAT.

#### Local tax charges and duties in the Delivery Destination

Buyers from outside the UK should note that upon importing Lots to their final destination outside the UK, local import VAT, import duties, sales taxes and/or use taxes may be payable. Please consult your local tax advisor.

#### **Lots under Temporary Admission being exported for repair, restoration or alteration**

If you purchase a Lot which is under Temporary Admission (indicated by a £ or a Ω symbol) and intend to export it from the UK for repair, restoration or alteration, please notify Phillips' Shipping Department before collection. The Lot will need to be transferred from Temporary Admission to another appropriate customs procedure to allow the repair, restoration or alteration to be carried out. The third-party carrier you appoint to handle the transport will need to liaise with Phillips' shipping department to ensure this customs movement is correctly declared. Failure to do this may result in the UK import VAT becoming payable immediately and Phillips being unable to refund the UK VAT charged. You are advised to obtain independent advice on this prior to bidding.

#### **Buyers wishing to hand-carry Lots**

If you collect the Lot from Phillips in the UK with a view to "hand-carrying" it back to its final destination, you must pay the UK VAT in full. Phillips cannot cancel or refund the UK tax in these circumstances. Please note that with the abolition of the Tax-free shopping scheme for visitors to the UK, it is no longer possible to obtain tax refunds at UK airports upon departure.

#### **Business buyers located outside the UK**

If you are a business located outside the UK and buy a Lot in a UK sale for a business purpose, you may be able to seek repayment of certain taxes from HMRC (the UK tax authority) directly (e.g. the UK Import VAT charged on the hammer price if the purchased Lot is under Temporary Admission in the UK).

Claim forms (VAT65A) are available from the HMRC website: <https://www.gov.uk>. You should submit claims for refund of UK VAT to HMRC no later than six months from the end of the 12-month period ending 30 June (e.g., claims for the period 1 July 2020 to 30 June 2021 should be made no later than 31 December 2021).

#### **UK BUYERS**

Phillips cannot cancel or refund any UK VAT charged on sales made to UK buyers where the Lot is collected from Phillips in London or delivered to a UK address.

For Lots sold under the UK Auctioneer's Margin Scheme (which do not bear a symbol), UK buyers who have a UK VAT registration may request us to reinvoice the purchase of these Lots under standard UK VAT rules. In this way the UK VAT registered buyer can reclaim all UK VAT charged as part of their accounting for VAT. Please note that UK VAT registered businesses or organisations who request to be invoiced under standard UK VAT rules, will then not be able to sell the Lot under any UK Margin Scheme rules in the future.

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