

The English translation of the article "**Una sconfitta della cultura se un dipinto viene visto come un bene di lusso**" – *Il Sole24Ore* – 25 February 2025

A Defeat for Culture When a Painting Is Seen as a Luxury Good

The intense debate over the absence of a reduced VAT rate for art sales in the Italian "DL Cultura" (Culture Decree) has united collectors, galleries, and art professionals in a unanimous outcry.

The Culture Decree (DL 201/2024), currently under review in the Senate, does not include any measure to reduce the VAT rate on the sale of artworks. This exclusion marks yet another setback for the sector, especially considering that the Tax Reform (Law 111/2023) had identified VAT reform—particularly lowering the tax on art imports—as one of its priorities. This intention was aligned with EU Directive 2022/542, which aims to harmonize the tax regime applied to art transactions among EU member states.

In addition to lower VAT on imports, the reform also proposed extending the reduced VAT rate—in place of the standard 22%—to the sale of artworks, antiques, and collectibles. Such a move could have boosted the Italian market's dynamism, making it more competitive internationally and encouraging greater circulation of artworks within the country.

The absence of these measures in the Culture Decree highlights the difficulty of translating legislative intent into concrete action, leaving the Italian art market at a disadvantage compared to other European countries, where VAT on art transactions is generally lower. This situation continues to penalize gallerists, collectors, and professionals, hindering the growth and internationalization of Italy's art market. Indeed, the art market relies heavily on resales (the secondary market). With such high taxation, buyers in Italy know they will be penalized when reselling, which reduces market liquidity.

Many Italian collectors and art dealers prefer to sell works abroad to avoid this high taxation. This has two negative consequences. First, lower tax revenue for the state: instead of collecting a reduced rate on a higher volume of domestic sales, the Italian government earns nothing because transactions occur abroad. Second, Italian galleries struggle to compete with markets where taxes are lower, pushing many dealers to relocate to cities like London, Paris, or Geneva. A reduced tax rate would make Italy more competitive compared to other European countries such as France (5.5%) or Germany (7%), where VAT on artworks is already lower.

In Italy, art transactions are taxed at 22% because artworks have long been equated with luxury goods—items mostly purchased by individuals with high purchasing power—thus subject to the standard VAT regime.

Behind the choice not to support the art market, however, lies a deeper stance on the very nature and meaning of art: is a work the interpretation of an artist meant to inspire the cultural growth of a community as well as the collector, or is it one of the highest and most exclusive luxury goods, contributing to social status and thus to be treated like a jewel or a yacht?

Art is considered a luxury good primarily for its exclusivity, high economic value, the status it confers to collectors, and maintenance costs. Empirical evidence supports this view. Art and luxury share many common features. Like artworks, many luxury products are known for their artisanal craftsmanship, sensory appeal, and storytelling associations (Wang, 2021).

Even from a purely financial perspective, art and luxury are often treated similarly. In managing the portfolios of the growing number of ultra-high-net-worth individuals (UHNWIs), an art advisor often works alongside the financial advisor. The price trends in the art market resemble those in the luxury market and have been widely studied using financial analysis models (Pownall, 2017). Both art and luxury goods also share similar price elasticity characteristics—being goods whose perceived value is closely linked to their scarcity, exclusivity, and association with social status. Art, particularly from established artists, has a fixed supply (each piece is unique), while many luxury goods manufacture artificial scarcity through limited editions. This supply limitation lowers their price elasticity compared to common consumer goods.

It is also telling to observe what is happening in the luxury market: Hermès, Louis Vuitton, Dolce & Gabbana, Cartier—just to name a few—emphasize the craftsmanship of their *Métiers d'Art* to such an extent that their luxury products are increasingly seen as true works of art. Not to mention that historically, patronage has reflected an understanding of art as a luxury good, where artworks were not only decorative but also symbols of political power and status. Luxury was not only material (gold, jewels) but also immaterial, represented by the possession of unique and innovative artworks.

However, this is only a partial view: art is also a cultural and social good, accessible at different levels and with an impact that goes far beyond the high-end market.

An artwork is not only a commercial product; it is also a cultural asset. Supporting its exchange means not only stimulating the market, but also sustaining artistic production, the spread of ideas, and creativity. If a state facilitates the trade of artworks, it becomes easier for museums to expand their collections, for galleries to support artists, and for individuals to invest in the country's cultural heritage.

Art is one of the oldest forms of human expression, present in all societies and cultures regardless of social class or wealth. Cave paintings, traditional songs, urban murals, and collective works all demonstrate that art is not exclusive to elites—it arises from a need for communication, memory, and identity.

Art has often served as a tool of political and social activism, challenging the notion of luxury goods.

Numerous studies also offer theoretical insights and empirical evidence showing that art, when experienced independently of luxury products, can reduce consumers' desire for status-driven luxury goods (Wang et al., 2022).

Though the art market often assimilates art with luxury goods, art remains a universal phenomenon—accessible, inherently tied to creativity and human identity. Art is far more than a status symbol: it is culture, identity, expression, protest, and care.