



Guidance and information for exhibitors who do not live in the UK or do not have a base in the UK - (Non-established taxable persons): Effect of the removal of the VAT (Value Added Tax) threshold

We really want to encourage and support ALL submissions of work and sales to our open exhibitions. The Society is proud of a long tradition of submissions by overseas artists. Unfortunately, in recent years the UK government has introduced some regulations for tax that will affect any overseas artists who sell their work at one of our shows. We imagine the rules are really for bigger businesses, but they end up affecting everyone. It is not too daunting and we hope that it does not put you off showing with us. We have put together the guidance below to make things as clear as possible and to tell you where to go for further guidance. However, the Society has to make clear that it cannot accept any responsibility for this matter, and you must check all the information and relevant websites, make your own decisions and take your own actions in this matter.

Q So what are these rules?

Her Majesty's Revenue and Customs (HMRC) changed their ruling in 2012 regarding goods which are imported and sold in the UK, including artwork. Everybody without a UK residence or no proper business base in the UK (known as NETPs) must register for UK VAT if they are going to sell any goods. This includes artists. The current rate of VAT in the UK is 20%.

The SBA does not act as the principal for the sale of artwork for members, it acts as an agent: the work is selected for exhibition, the artist decides the selling price, the work is accepted on a sale or return basis. All artists who are VAT-registered (UK or overseas) are legally responsible for paying VAT on their sales to the UK tax authority, Her Majesty's Revenue and Customs (HMRC).

Please see below an extract from the Mall Galleries terms and conditions that apply to all overseas artists exhibit at the Mall Galleries:

“SUBMISSIONS

6.1 Our open submission exhibitions are open to artists in the UK, EU, and outside the EU.

Artists who are not resident in the UK but are resident in the EU, if your work is sold at the exhibition you have a responsibility to register and account for UK VAT with H.M. Revenue & Customs. Artists without a UK residence (known as 'NETPs' - non-established taxable persons) can find further details on 'NETP' status and how to register for VAT at <http://www.hmrc.gov.uk>, (HM Revenue & Customs Reference: Notice 700/1, Mar 2014) under the heading 'Should I be registered for VAT?'. Please note: the registration process can take up to 4 weeks. Please address any questions you may have to the VAT Helpline on tel. no. 0845 010 9000 or, if your call is from outside the UK, +44 2920501 261”

Q What does this actually mean for overseas artists?

We understand from current artists that registering for UK VAT is a relatively simple process which can be done online with HMRC, and you will need to allow up to four weeks. A UK VAT agent or representative can also represent artists.



In accordance with current UK legislation all NETPs must register in time for VAT in expectation of a sale. The artist or the artist's VAT agent or VAT representative will be legally responsible for paying over any VAT if there is a sale.

When registering as NETPs, you will need to only **complete the first part** in the 'About the business' section and that the section asking for an NI number or UTR only applies to UK businesses.

Q How will the SBA treat overseas artists (NETPs)?

We are not going to force you to register for a UK VAT number when you submit your work to the annual exhibition but if your work sells, the SBA will not be able to pay you the proceeds until you do provide us with a UK VAT number, or evidence that you are seeking a VAT number (e.g. screen shot of your application to HMRC). That will give you plenty of time to register. If you do not provide a UK VAT number within six months from the closing date of the exhibition, you must agree that your proceeds from the sale will become the property of the SBA as a gift from you. In order for your work to be submitted without a UK VAT number, you must provide the Society with a signed and dated statement to this effect together with your schedule. This will confirm to us that you have understood and agreed to these terms and that you have your application for a UK VAT number in hand.

Your statement can read as follows:

Statement: "I understand that I am required to register with HMRC for the payment of Value Added Tax (VAT) on sales of goods in the UK. I agree that if I do not supply a UK VAT number within six months from the closing date of the exhibition, any proceeds from sales of any of my work will be transferred from me to the Society as a gift."

Q So if I sell what VAT do I have to pay?

VAT is due on the whole of the sale value:

The Society cannot suggest what to charge for work, but the catalogue price (which is the price entered on the exhibition schedule) should include the Society's commission and the VAT.

Example: work sized under 750mm, entered by a Fellow member with NETP status, selling price £1000 (For work under 75cm, Fellow and Open members pay 35% commission to the Society)

The Society will retain commission on the sale price of £1,000 of 35% = £350.00 to the SBA and the UK VAT of 20% on the sales price (£200) must be paid by the artist member to HMRC using their UK VAT number.

Pam Henderson, Executive Secretary and
Gael Sellwood, PPSBA

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