

VAT AND OTHER TAX INFORMATION FOR BUYERS

The following paragraphs provide general information to buyers on the VAT and certain other potential tax implications of purchasing property at Phillips de Pury & Company. This information is not intended to be complete. In all cases, the relevant tax legislation takes precedence, and the VAT rates in effect on the day of the auction will be the rates charged. It should be noted that, for VAT purposes only, Phillips de Pury & Company is not usually treated as agent and most property is sold as if it is the property of Phillips de Pury & Company. In the following paragraphs, reference to VAT symbols shall mean those symbols located beside the lot number or the pre-sale estimates in the catalogue (or amending saleroom addendum).

1 PROPERTY WITH NO VAT SYMBOL

Where there is no VAT symbol, Phillips de Pury & Company is able to use the Auctioneer's Margin Scheme, and VAT will not normally be charged on the hammer price.

Phillips de Pury & Company must bear VAT on the buyer's premium. Therefore, we will charge an amount in lieu of VAT at 20% on the buyer's premium. This amount will form part of the buyer's premium on our invoice and will not be separately identified.

2 PROPERTY WITH A † SYMBOL

These lots will be sold under the normal UK VAT rules, and VAT will be charged at 20% on both the hammer price and buyer's premium.

Where the buyer is a relevant business person in the EU (non-UK) or is a relevant business person in a non-EU country then no VAT will be charged on the buyer's premium. This is subject to Phillips de Pury & Company being provided with evidence of the buyer's VAT registration number in the relevant Member State (non-UK) or the buyer's business status in a non-EU country such as the buyer's Tax Registration Certificate. Should this evidence not be provided then VAT will be charged on the buyer's premium.

3 PROPERTY WITH A § SYMBOL

Lots sold to buyers whose registered address is in the EU will be assumed to be remaining in the EU. The property will be invoiced as if it had no VAT symbol. However, if an EU buyer advises us that the property is to be exported from the EU, Phillips de Pury & Company will re-invoice the property under the normal VAT rules.

Lots sold to buyers whose address is outside the EU will be assumed to be exported from the EU. The property will be invoiced under the normal VAT rules. Although the hammer price will be subject to VAT, the VAT will be cancelled or refunded upon export. The buyer's premium will always bear VAT unless the buyer is a relevant business person in the EU (non-UK) or is a relevant business person in a non-EU country, subject to Phillips de Pury & Company receiving evidence of the buyer's VAT registration number in the relevant Member State (non-UK) or the buyer's business status in a non-EU country such as the buyer's Tax Registration Certificate. Should this evidence not be provided VAT will be charged on the buyer's premium.

4 PROPERTY SOLD WITH A ‡ OR Ω SYMBOL

These lots have been imported from outside the EU to be sold at auction under temporary admission. Property subject to temporary admission will be offered under the Auctioneer's Margin Scheme and will be subject to import VAT of either 5% or 20%, marked by ‡ and Ω respectively, on the hammer price and an amount in lieu of VAT at 20% on the buyer's premium. Anyone who wishes to buy outside the Auctioneer's Margin Scheme should notify the Client Accounting Department before the sale.

Where lots are sold outside the Auctioneer's Margin Scheme and the buyer is a relevant business person in the EU (non-UK) or is a relevant business person in a non-EU country then no VAT will be charged on the buyer's premium. This is subject to Phillips de Pury & Company receiving evidence of the buyer's VAT registration number in the relevant Member State (non-UK) or the buyer's business status in a non-EU country such as the buyer's Tax Registration Certificate. Should this evidence not be provided VAT will be charged on the buyer's premium.

5 EXPORTS FROM THE EUROPEAN UNION

The following types of VAT may be cancelled or refunded by Phillips de Pury & Company on exports made within three months of the sale date if strict conditions are met:

- The amount in lieu of VAT charged on the buyer's premium for property sold under the Auctioneer's Margin Scheme (i.e., without a VAT symbol).
- The VAT on the hammer price for property sold under the normal VAT rules (i.e., with a † or a § symbol).

The following type of VAT may be cancelled or refunded by Phillips de Pury & Company on exports made within 30 days of payment date if strict conditions are met:

- The import VAT charged on the hammer price and an amount in lieu of VAT on the buyer's premium for property sold under temporary admission (i.e., with a † or a Ω symbol) under the Auctioneer's Margin Scheme.

In each of the above examples, where the appropriate conditions are satisfied, no VAT will be charged if, at or before the time of invoicing, the buyer instructs Phillips de Pury & Company to export the property from the EU. If such instruction is received after payment, a refund of the VAT amount will be made.

Where the buyer carries purchases from the EU personally or uses the services of a third party, Phillips de Pury & Company will charge the VAT amount due as a deposit and refund it **if the lot has been exported within the timelines specified below** and either of the following conditions are met:

- For lots sold under the Auctioneer's Margin Scheme or the normal VAT rules, Phillips de Pury & Company is provided with appropriate documentary proof of export from the EU **within three months of the date of sale**. Buyers carrying their own property should obtain hand-carry papers from the Shipping Department to facilitate this process.
- For lots sold under temporary admission, Phillips de Pury & Company is provided with a copy of the correct paperwork duly completed and stamped by HM Revenue & Customs which shows the property has been exported from the EU via the UK **within 30 days of payment date**. It is essential for shippers acting on behalf of buyers to collect copies of original import papers from our Shipping Department. HM Revenue & Customs insist that the correct customs procedures are followed and Phillips de Pury & Company will not be able to issue any refunds where the export documents do not exactly comply with governmental regulations. Property subject to temporary admission must be transferred to another customs procedure immediately if any restoration or repair work is to be carried out.

Buyers carrying their own property must obtain hand-carry papers from the Shipping Department, for which a charge of £20 will be made. The VAT refund will be processed once the appropriate paperwork has been returned to Phillips de Pury & Company. Phillips de Pury & Company is not able to cancel or refund any VAT charged on sales made to UK or EU private residents unless the lot is subject to temporary admission and the property is exported from the EU **within 30 days of payment date**. Any refund of VAT is subject to a minimum of £50 per shipment and a processing charge of £20.

Buyers intending to export, repair, restore or alter lots under temporary admission should notify the Shipping Department before collection. Failure to do so may result in the import VAT becoming payable immediately and Phillips de Pury & Company being unable to refund the VAT charged on deposit.

6 VAT REFUNDS FROM HM REVENUE & CUSTOMS

Where VAT charged cannot be cancelled or refunded by Phillips de Pury & Company, it may be possible to seek repayment from HM Revenue & Customs ('HMRC'). Repayments in this manner are limited to businesses located outside the UK and may be considered for example for Import VAT charged on the hammer price for lots sold under temporary admission.

All claims made by customers located in another member state to the UK will need to be made under a new mechanism from 1 January 2010. The process prior to 1 January 2010 is no longer in operation.

If you are located in an EU member state other than the UK you will now need to apply for a refund of UK VAT directly to your local tax authority. This is done via submission of an electronically based claim form which should be accessed through the website of your local tax authority. As a result, your form may include VAT incurred in a number of member states. Furthermore, from 1 January 2010 you should only submit one form per year, rather than submitting forms throughout the year.

Please note that the time limits by which you must make a claim have been extended. When making a claim for VAT incurred in another EU member state any claim will still be made on a **calendar year basis** but must now be made no later than **30 September** following that calendar year. This effectively extends the time by which claims should be made by three months (e.g. for VAT incurred in the year 1 January to 31 December 2010 you should make a claim to your local tax authority no later than 30 September 2011). Once you have submitted the electronic form to your local tax authority it is their responsibility to ensure that payment is obtained from the relevant member states. This should be completed within four months. If this time limit is not adhered to you may receive interest on the unpaid amounts.

If you are located outside the EU you should apply for a refund of UK VAT directly to HMRC (the rules for those located outside of the EU have not changed). Claim forms are only available from the HMRC website. Go to <http://www.hmrc.gov.uk/index.htm>, and follow Quick Links, then Find a Form. The relevant form is VAT65A. Completed forms should be returned to:

HM Revenue & Customs
VAT Overseas Repayment Directive
Foyle House
Duncreggan Road
Londonderry
Northern Ireland
BT48 7AE

(tel) +44 2871 305100
(fax) +44 2871 305101

You should submit claims for 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 2009 to 30 June 2010 should be made no later than 31 December 2010).

Please note that refunds of VAT will only be made where VAT has been incurred for a business purpose. Any VAT incurred on articles bought for personal use will not be refunded.

7 SALES AND USE TAXES

Buyers from outside the UK should note that local sales taxes or use taxes may become payable upon import of lots following purchase. Buyers should consult their own tax advisors.