

Recent trends in the Italian art market

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At the forefront of the art and fashion markets, Italy is top tier in the fashion industry and is consistently growing and developing in the art industry. Specifically in regards to art, Italy ranks 7th in the global market and accounts for 1% of total sales by value.¹ Sales in the EU as a whole have also increased by 7% year-on-year to US\$20.9 billion, accounting for 33% of the global art market.² Italy has seen professional growth in recent years, which suggests that it is positioned well to reach the top of the art market.

Local and international trusts

Art collectors frequently acknowledge a desire to create a legacy for their collection. To do this, the collector may initiate an intergenerational transfer of art within his/her family. A consistent trend among private collectors in the Italian art market is the development of trusts to manage art collections properly and preserve their value when transferring to the next generation. The collector wants to ensure that pieces will be properly valued when faced with potential purchasers, and trusts are flexible instruments that can be used to achieve this purpose.

Occasionally, the artist and art collector are based in one jurisdiction, while the beneficiaries of the trust are located in another, causing international complexities. Intergenerational transfers involving multiple jurisdictions require a solution in which the trust works for both jurisdictions, as well as the beneficiaries of the trust.

Another consideration when creating trusts for art collections is the quantity and value of the collection. If, for example, all the pieces within a collection are by the same artist, selling the entire collection at one time can have a significant effect on the value of the art. By instituting specific rules within the trust to limit how pieces can be sold in the future, it is possible to establish control over how the sales are managed, and prevent the collection from being devalued by being sold in its entirety.

Tax incentives for innovative startups

In order to capitalize on new opportunities and create new companies, Italy is increasing its tax advantages and incentives, which positions it as a favorable environment to establish and develop innovative start-ups and ground-breaking technologies. A new legislative framework has renewed the approach towards public support of entrepreneurship, allowing start-ups the ability to draw upon resources which can impact the entire life cycle of a company. These tax incentives rely on technological innovation, to be evaluated on the basis of specific criteria, and come in the form of a tax credits for investors. This incentive is one of several that have surfaced over the past few years and indicate that the Italian government is mindful of art and cultural industries. Such trends have also been confirmed by the 2019 Budget law, which increased the tax incentives for individuals and corporations investing in innovative startups.

High-profile fashion brands including Fendi, Bulgari, Diesel and Tod's are beginning to take advantage of these incentives and investing in renovating public art. Examples of public art include structures such as the Coliseum and Trevi Fountain in Rome, as well as the ponte di Rialto in Venice. These tax incentives, called an 'Art Bonus,' have been mainly utilized by companies, but are also available to private individuals.

Philanthropy

The passion of art collectors for art is often met with a strong desire to 'give back' through philanthropic opportunities. This can be achieved by, for example, creating a legacy for their collection by developing their own charity, creating a foundation for supporting museums and institutions, or supporting young artists in a specific sector or located in a specific region. This support does not have to be strictly domestic. Private collectors have the ability to support young artists who wish to study in different regions and countries. The parallel between philanthropy and art is

something market professionals are increasingly seeing.

Art, technology and philanthropy have never been closer in Italy where the domestic legislation offers many incentives to enhance the interest and growth that these industries are currently experiencing.

FOOTNOTES

[1] Arts Economics (2018)


[2] 1. C. McAndrew, *The Art Market, Art Basel and UBS Report, 2018*

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