



Worth knowing about:

## Artwork with tax benefits

**Companies that buy art cannot normally deduct the costs for this in their tax accounts. This is because the value of a work of art usually does not diminish.**

However, there is an exception. In order to support artists, there is a very special set of rules in the tax regulations which, under certain conditions, gives companies the right to deduct or write off expenses for the purchase of art. Below we provide an overview of the most important parts of the rules.

### What types of art

The special rules only apply to original works of visual art. This means paintings, sculptures, graphics, photographic art, installation art and the like. A distinction is made between works of art that are hung or displayed and works of art that are part of a building.

In the case of graphic and photographic works, it is a separate requirement that they are numbered and signed by the artist and only produced in a limited edition. Reproductions are not covered by the rules.

The artwork must be a first-time purchase and must be purchased directly from the artist or from a gallery that has the artwork on commission.

The rules do not apply if the business purchases the artwork from an artist who is related or otherwise closely connected to the business owner.

### Works of art that are hung or displayed

Expenses for the purchase of works of art that are hung or displayed on company premises can be depreciated according to the so-called balance method by up to 25% per year. In other words, according to the same rules as inventory. Full depreciation can be made in the year of acquisition, even if the purchase is made at the end of the financial year.

If the purchase price is DKK 36,000 (2026) or less per artwork, the company can deduct the entire amount in the year the artwork is purchased.

Depreciation using the balance method can be illustrated as shown in the first table at the bottom of the page.

### Art incorporated into a building

Expenses for artistic decoration of buildings where the acquisition took place before 1 January 2023 can be depreciated by up to 4% annually. If the acquisition took place on 1 January 2023 or later, the expenses can be depreciated by up to 3% annually.

This rule applies to artistic decoration that is bricked, nailed or otherwise attached to a building or its immediate surroundings. It is irrelevant whether the artistic decoration is carried out in connection with the construction or remodeling of the property or at another time.

The rule does not apply to the decoration of detached and semi-detached houses. In the case of a combined office/retail and residential property, the right to depreciation only applies to the decoration of the office/retail part.

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### Tax Legal

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## When the artwork is sold

When a work of art covered by the special rules is sellable, tax must be paid on any gain, while any loss is deductible. Sale also includes demolition/destruction and transfer to private use.

In the case of art that is attached to a building, it is irrelevant whether the artwork is sold separately or together with the building.

## Expenses for art rental

The rules mentioned (see the table at the bottom of the page) only apply to art that is purchased.

Some companies enter into agreements with galleries and other art organizations to rent artworks for specific periods of time. Such rental expenses can usually be deducted as a normal operating expense.

## VAT

VAT-registered companies that purchase works of art for resale or for decoration within the company or have decoration work carried out can, as a general rule, deduct VAT on the purchase. This applies regardless of whether the work is purchased with full VAT or with so-called artist VAT.

If, on the other hand, the work is purchased according to the special VAT rules, where the seller is not allowed to enter the VAT amount on the invoice, there is no right of deduction.

The deductibility of purchases of works of art for investment purposes may be challenged by the Danish Tax Agency.

Depreciation using the balance method can be illustrated as follows:

<b>Purchase price</b>	<b>DKK 100,000</b>
<b>Depreciation first year: 25 % of DKK 100,000.</b>	<b>DKK -25,000</b>
<b>Remaining balance end of first year</b>	<b>DKK 75,000</b>
<b>Depreciation second year: 25 % of DKK 75,000</b>	<b>DKK -18,750</b>
<b>Remaining balance end of second year</b>	<b>DKK 56,250</b>
<b>Depreciation third year: 25 % of DKK 56,250</b>	<b>DKK -14,063</b>
<b>Remaining balance end of third year</b>	<b>DKK 42,187</b>
<b>And so on</b>	

## Conclusion

The rules can be summarized in table form as follows:

<b>Purchase price</b>	<b>Paintings etc.</b>	<b>Building decoration</b>
<b>Depreciation rate</b>	<b>25 %</b>	<b>3 %</b>
<b>Full depreciation in year of acquisition</b>	<b>Yes</b>	<b>Yes</b>
<b>Full tax deduction for purchases under DKK 36,000 (2026)</b>	<b>Yes</b>	<b>No</b>
<b>Only applicable to first time acquisitions</b>	<b>Yes</b>	<b>Yes</b>
<b>Taxation of recovered depreciation/value increase on sale</b>	<b>Yes</b>	<b>Yes</b>
<b>Deduction for any loss on sale</b>	<b>Yes</b>	<b>Yes</b>

**Do you have any questions?  
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