

Art and collections in wealth planning

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For many wealthy families in Basel, the most personal part of the estate hangs on the walls. The city has collected art in public hands since 1661, when it acquired the Amerbach Cabinet and laid the foundation of what is often described as the oldest public art collection in the world. Private collectors continued that tradition through gifts and bequests to the Kunstmuseum. Art Basel, founded in 1970 by Basel gallerists, has since made the city the annual meeting place of the international art market.¹ The earlier chapter on the fairs describes the market itself, so this section turns to the planning questions that a collection raises for the family that owns it.

A collection is an illiquid asset whose value is difficult to establish, whose division among heirs is often impossible without a sale and whose emotional weight can exceed its financial worth. Wealth planners therefore begin with an inventory that records provenance, condition, location, insurance and ownership, because a surprising number of collections are held partly by individuals, partly by companies and partly by foundations without a clear record of which object belongs to whom. Provenance research has gained importance since the debate on looted art and restitution, which an earlier chapter discussed, since an object with a doubtful history can be unsaleable and can expose the heirs to claims.²

Several instruments allow a family to keep a collection together. A charitable art foundation can hold works for exhibition and research, which secures tax exemption if the public-interest purpose is genuine and the family does not retain private enjoyment of the works. The Emanuel Hoffmann Foundation, established in 1933 by Maja Hoffmann-Stehlin in memory of her husband, has collected contemporary art for decades and shows it in the Schaulager in Münchenstein, a building by Herzog & de Meuron that opened in 2003 as a hybrid of museum, storage and research centre.³ Long-term loans to museums are a lighter alternative that leaves

ownership with the family while giving the works public visibility, professional care and, depending on the terms, a contribution to insurance and conservation costs.

Storage raises its own questions. Switzerland permits goods to be held in free ports and open customs warehouses without import duties and value added tax until they are released into free circulation. The Geneva Freeport is the best known example. After criticism that such warehouses could conceal ownership, Switzerland tightened the inventory and reporting duties of warehouse operators in the 2010s.⁴ For a planner, the decisive point is that the location of a work can determine which law governs its transfer and which country may claim inheritance tax on it. A painting stored in Basel but owned by a family resident in Germany remains part of a German estate, which German inheritance tax reaches regardless of its location.⁵

1 Notes

1. On the acquisition of the Amerbach Cabinet by the city and the university in 1661 as the origin of the Kunstmuseum Basel, and on the foundation of Art Basel in 1970 by Basel gallerists including Ernst Beyeler, see the publications of the Kunstmuseum Basel and Art Basel. To be verified. ↩
2. On the importance of provenance research and documented ownership for the succession and sale of art collections, in particular in light of the Washington Principles of 1998 and the restitution debate, see the specialist literature. To be verified. ↩
3. On the Emanuel Hoffmann Foundation (established in 1933 by Maja Hoffmann-Stehlin, later Maja Sacher) and the Schaulager in Münchenstein (opened in 2003, architects Herzog & de Meuron), see the publications of the foundation and the Laurenz Foundation. To be verified. ↩
4. On the rules for free ports and open customs warehouses (Zollfreilager, offene Zolllager) under the Customs Act and the tightening of the inventory duties after 2016, see the publications of the Federal Office for Customs and Border Security. Status to be verified. ↩

5. On the worldwide scope of German inheritance tax under § 2 para. 1 no. 1 ErbStG where the deceased or the heir is resident in Germany, irrespective of the location of movable assets, see the German tax literature. To be verified. ↩

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