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For over 40 years our ethos has remained the same. Build long-term close relationships with our clients through knowledge, expertise and service.

Superyacht Tax & VAT Factsheet

Whether starting a new build project or buying an existing yacht, Fiduchi has a wealth of experience supporting clients dealing with VAT and other tax related matters. We work with individuals and tax advisors to achieve the best solution.

What you need to consider

If a yacht is going to be sailed in EU waters fiscal advice and/or representation should be obtained prior to the commencement of a new build project or the purchase of an existing yacht. This is particularly relevant if using the yacht commercially (charter), to ensure that the owner complies with the relevant VAT regulations. The EU VAT directive permits each member state to apply its own rates for VAT and local interpretation has resulted in inconsistent application of the rules therefore expert advice is essential.

Temporary Admission

Offshore privately registered yachts (for pleasure use) legally owned by a non EU company and ultimately owned by a non EU resident beneficial owner can benefit from the TI regime. Under the regime a yacht can remain in EU waters for a maximum of 18 months on any one visit before being liable to pay VAT on the hull. In Greece the maximum is 6 months. The time limit may be extended to 24 months if the yacht is laid up and bonded with the prior agreement of the authorities. The customs rules do not provide for a minimum period during which the yacht must remain outside the EU and when you sail back in a new period of temporary admission starts. Pleasure use means the yacht cannot be used for charter activities and the non EU resident owner must always be on board. Should the yacht be found only with EU residents on board the tax authorities might claim a breach of the temporary admission rules.

Leasing Options

Yachts owned by EU resident individuals or corporate entities have the right to free movement throughout the EU provided VAT has been paid. Leasing arrangements to mitigate VAT on the acquisition of a yacht for which the principal use will be pleasure are available in Malta, Cyprus, Monaco, France and Italy. Each structure is bespoke and a member of our team will be happy to assist with any queries.

Commercial Yacht Charter

Chartering your yacht can offset some of the running costs but care must be taken to ensure that the commercial yacht code according to the yacht's flag state is complied with. The yacht will need to be registered as a commercial yacht and the yacht owning company will also need to determine whether a classification society such as Lloyds Register, RINA, ABS or Bureau Veritas should be appointed to manage the yacht's surveys and certification.

Commercial yachts can charter in most locations worldwide but national restrictions may prohibit yachts from carrying out charters in their waters if the yacht does not fly the national flag. To charter in the EU, especially Croatia, France, Italy and/or Spain, there are several issues that must be considered which depend on whether or not the yacht is VAT paid.

How can Fiduchi help?

Fiduchi can liaise with the owner's existing tax adviser if required, but the Company is also an associate of Baker Tilly Channel Islands, a leading accountancy firm in Jersey and an independent member of the Baker Tilly International network. This association enables us to provide specialist advice in developing tax efficient yacht ownership structures to mitigate not only VAT, but also capital gains tax and inheritance tax.

PRIVATE CLIENT CORPORATE EMPLOYEE FUNDS MARINE & AVIATION



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