



FISCAL REPRESENTATIVE

VAT COMPLIANCE

VAT GUIDE - ITALY

1. VAT ON CHARTERS

Italian Tax Revenue Office (Agenzia Delle Entrate) has decreed to implement VAT on charters.

The charter of yachts within Italian Waters that are registered as **Commercial Vessels** and are used exclusively on “Charter” (*Short-Term Hiring of a Yacht, not exceeding 90 days*) **cannot legally be exempt from the VAT.**

By using a combination of rules (please see TABLE-01) the **VAT on charter yachts above 24 MT LOA will normally be 6.6% of the total charter fees.**

2. GENERAL PRINCIPLES

- Charter starts and finishes in Italy and remains within 12 miles of the Italian Coast, VAT at the full rate of 22% will apply.
- Charter starts and finishes in Italy but, at some point, cruises 12 miles offshore into non-Italian Territorial Waters, VAT at a reduced rate of 6.6% will apply.
- Charter starts in another EU state before entering Italian waters, it is the VAT applicable in that state that will apply.
- Charter starts outside the EU (e.g. Montenegro, Turkey) and then enters Italian Waters, then VAT at the reduced rate of 6.6% will apply only to the portion of the charter taking place in Italy, providing it is demonstrable.
- Charter starts in an Italian port but then cruises to a non-EU state, VAT at the reduced rate of 6.6% will only apply to the portion of the charter taking place in Italian Waters.
- Charter starts in Italy but leaves Italian Waters within 6 hours, no VAT is due.

3. HOW TO COMPLY WITH LEGISLATION

In order to comply with the legislation, **Owning Companies must be registered for VAT in Italy** or appoint a **fiscal representative in Italy** to manage the tax on their behalf **as per DPR 633/72 Art.17**. In both cases the opening of a VAT position is required.

The appointment of a VAT / Fiscal Representative or the direct identification became obligatory starting by year 2011 as per **Circular 43/E – September 29th 2011**.



4. VAT APPLICATION TABLE

TABLE-01: Explanatory VAT table issued by the **Italian Revenue Office** on the base of yacht type and length.

| Type of Yacht and Length | Percentage of Charter Fee subject to 22% VAT | Final VAT Rate |
|---|--|----------------|
| Motor Yacht - LOA over 24 MT | 30% | 6.6% |
| Sail Yacht - LOA over 24 MT | 30% | 6.6% |
| Motor Yacht - LOA between 16,01 and 24 MT | 40% | 8.8% |
| Sail Yacht - LOA between 20,01 and 24 MT | 40% | 8.8% |
| Motor Yacht - LOA between 12,01 and 16 MT | 50% | 11% |
| Sail Yacht - LOA between 10,01 and 20 MT | 50% | 11% |
| Motor Yacht – LOA between 7,51 and 12 MT | 60% | 13.2% |
| Sail Yacht - LOA up to 10 MT | 60% | 13.2% |
| Motor Yacht - LOA up to 7,50 MT | 90% | 19.8% |

5. EXAMPLES / CASES

| Yacht Type | Charter Fee | VAT Due in Italy | Explanation |
|-------------------------|------------------|-----------------------|---|
| Motor Yacht LOA 60 MT | 450.000,00 euros | VAT = 29.700,00 euros | VAT at 6.6% rate 22% on 30% of Charter Fee |
| Sailing Yacht LOA 40 MT | 160.000,00 euros | VAT = 10.560,00 euros | VAT at 6.6% rate 22% on 30% of Charter Fee |
| Motor Yacht LOA 23 MT | 40.000,00 euros | VAT = 3.520,00 euros | VAT at 8.8% rate 22% on 40% of Charter Fee |
| Sailing Yacht LOA 18 MT | 50.000,00 euros | VAT = 5.500,00 euros | VAT at 11% rate 22% on 50% of Charter Fee |



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6. OPENING OF A VAT POSITION

This activity includes several duties and formalities which must be provided including but not limited to:

- Registration and processing of official invoices and their registration in the official registry of VAT payments
- Registration of monthly statements with payments and reimbursements registered
- VAT payments processed through the official F24 Form
- Official Annual Financial Reports
- Processing of all formal communications Italian Tax Revenue Office (AGENZIA DELLE ENTRATE)

7. PROCEDURE

The procedure to appoint Yacht Welfare as your Fiscal Representative is very simple.

The **YW Contract Agreement needs to be filled-in where all the Owner Company's data are required.**

According to the annexes listed at page #3 of the YW Contract Agreement in order to duly finalize the contract and file the practice with the Italian Revenue Office the procedure requires the following documents to be provided:

PAPERWORK TO BE PROVIDED:

- a. Articles of Incorporation (also known as Chamber Search) of owner's company
- b. Ship's papers (Certificate of Registry)
- c. Passport's copy of the owner's company's legal representative
- d. Passport's copy of the yacht's captain (or the delegate person)
- e. Power of Attorney (POA) in favor of the yacht's captain (or the delegate person) to be provided in original version
- f. First demand bank guarantee according to the Guarantee Scale (as per Annex-8)

NOTE on (f): Bank guarantee is required only for all those cases where the owner will provide tax payment directly without using the Yacht Welfare. Otherwise the **bank guarantee is not needed.**

For any additional info and news about the Italian VAT obligations please visit www.yachtwelfare.it