



## NEWS\_02\_2016

Sanremo, 28<sup>th</sup> June 2016

On June 26th 2016 MYBA has been replied by the Italian Revenue Office to his request of Legal Advice (Consulenza Giuridica No. 954-20/2016) in regards to the right application of VAT on APA (Advance Provisioning Allowance). The reply provided by the Tax Office just proves 2 out of the 3 points already dealt by Yacht Welfare more than 2 years earlier with our Official Petitions No. 903-13/2014 and 903-14/2014 filed with the AdE (Italian Revenue Office) on 23rd January 2014, which we hereby quickly summarize:

1. The mere transfer of APA funds from Charterer to Owner and/or directly to the Captain of the yacht is not taxable as per Art. 2, paragraph-3, letter-a) of DPR 633/1972 (Presidential Decree) being a sum of money provided by the charterer to the yacht's Owner or Captain.
2. The portion of APA funds used by the Captain on precise instructions of the charterer to the meet personal needs of the above charterer and its guests (for instance, the purchase of food, drinks and transportation) are not subject to VAT as long as adequately recorded in the name of the charterer.

Although we are very proud to understand that the Legal Advice (Consulenza Giuridica No. 954-20/2016) confirms our guidelines provided since 2014, on the other hand we are considerably skeptical of the reply provided by the Italian Revenue Office in regards to point No.3 below, which substantially states that:

3. The portion of APA funds used by the Captain to meet navigation requirements, such as funds for fuel and oil for the engine and on-board systems, are subject to VAT since those amounts are an integral and variable portion of the consideration due for the charter of the yacht and subject to VAT at the same VAT rate as the charter.

In fact it is hard to understand how the Italian Revenue Office could have provided two different interpretations of VAT application to the same notion, in the case in point even providing a subjective distinction between the nature of the supplies (personal needs vs. navigation requirements), especially considering that no distinction was made in their reply to our Official Petition No. 903-13/2014, in which they unequivocally inform that no VAT is due either on food/drinks and fuel supplies.

**Yacht Welfare**, for the sake of clarity and to protect his Clients, **will start to adopt in full the new ruling by MYBA** and will prepare a new request of Legal Advice to examine and understand the inconsistency of the reply provided under point 3.

For any additional info please always feel free to inquire at [info@yachtwelfare.it](mailto:info@yachtwelfare.it).