



VAT GUIDE **2018**

YACHT WELFARE – VAT GUIDE 2018

The present guide summarizes the things to know and the tasks to fulfill in 2018 to do commercial activity (Charter) in the Mediterranean in compliance with the law in force into Italy according to the EU rules.

COMMERCIAL USE APPLICATION FORM

A copy of the blank form is always available for download on www.yachtwelfare.it/download.

For our Client's greater convenience we have enclosed a copy of it into this VAT Guide 2018.

This form is to be fulfilled by all EU and non-EU yachts having "Commercial" registration.

When? *Every year, when the yacht enters the Italian waters.*

Where? *At the first port of call in Italy.*

Who? *The Captain or his local Ship's Agent on his behalf.*

Why? *To comply with the Italian rules, allowing the yacht to perform Commercial Activity in Italy.*

What else? *Two original versions of this form duly fulfilled, boat stamped and signed are to be filed with the local Coast Guard office (Capitaneria di Porto, Ufficio Circondariale Marittimo, etc.) which will return (immediately) one original – stamped and signed by the Coast Guard – which is to be kept on board during the current solar year. The year after you will need to redo the same procedure to obtain a new permission.*

Note: This form authorizes to use the yacht to do Commercial Activity in Italy pursuant to Law Decree 171/2005 art.2, paragraph 3) of the Italian Craft Code. The form doesn't replace the current arrival and departure formalities which still need to be done by your local Ship's Agent.

ITALIAN VAT CODE (NUMERO PARTITA IVA)

You always need to have on file a copy of the certificate of Italian VAT code assigned by Yacht Welfare.

If for any reason you cannot find it or you have lost it please immediately contact us to

info@yachtwelfare.it or call our office number at +39 33 94 00 55 54.

If you were not able to get a hold of us please go to www.yachtwelfare.it and follow the instructions listed into the "MY VAT CODE" box placed on the top of the right sidebar ([more info at page #2](#)).



MY VAT CODE – SEARCH ENGINE

If you are in the need to instantaneously know your assigned Italian VAT code and you were not able to speak to an operator please go to the Yacht Welfare's official website (www.yachtwelfare.it) and just fill this box placed on the top of the right sidebar. The "MY VAT CODE" search engine will return your VAT code by simply filling the blank with the yacht's name (without "M/y" or "S/y" behind. E.g. for M/y Lady Sea you need to write just the name "Lady Sea"). Please always cross check with Yacht Welfare if the code returned is the correct one and use this tool just in case of any extremely urgent need to know you VAT code.

MY VAT CODE

By filling the below field with just the ship's name (without "M/y" or "S/y" behind, e.g. Lady Sea) you will get the relevant Italian VAT number assigned by Yacht Welfare

SEARCH

PURCHASES IN ITALY

The Italian VAT code assigned to the company owning the yacht which is used to perform charters in the EU waters is necessary to remit the VAT due to the Italian Revenue Office on the commercial activity with fiscal relevance in Italy (e.g. any charters embarked and departing from Italy).

Owning companies can also use the Italian VAT code to purchase supplies and services in Italy.

For any purchases of supplies and services done in Italy with the Italian VAT number by the owning company for commercial purposes as well as for the yacht's maintenance or repair, Yacht Welfare is able and available to record the relevant invoices and raise a VAT credit to obtain a deduction of VAT due on the next charters.

To be able to do this, Yacht Welfare requires to be promptly provided with a copy of the invoices (possibly within and no later than 72 hours from the date of issuing by the supplier). Any delay might negatively affect the opportunity to recover and credit VAT. Yacht Welfare will not feel responsible for it.



PURCHASES INTO THE EU

Under the EU VAT system intra-Community supplies of goods and services are exempt from VAT in the Member State of dispatch when they are made to a taxable person in another Member State who will account for the VAT on arrival.

As a logical consequence of the above in case of any purchases of supplies and services somewhere else inside the EU (from one other EU Member State, different from Italy) with the Italian VAT code, owning companies might be entitled to obtain them in exemption of VAT.

Anyway there is a small list of essential conditions to do this.

To know more about the conditions please contact us to info@yachtwelfare.it

PURCHASES WITH APA

The Italian VAT code cannot be used in case of any purchases done in Italy during a charter in the name of the Charterer with the APA funds. This means that the Owning Company cannot provide its Italian VAT code to the Supplier and the latter cannot invoice the first using the Italian VAT code.

The amount of these expenses is strictly related to the Charterer's funds and so must be duly documented and included into the APA report.

Yacht Welfare needs to obtain the full and detailed **APA Report** and **APA Declaration Letter** by the Owning Company (through the Captain or any person on board in charge to do so on his behalf) at the end of each charter in order to be able to issue the **invoice for APA** on behalf of the Owning Company to the Charterer, pursuant to the fiscal laws in force.

Yacht Welfare is pleased to provide a template of the APA declaration to its represented Clients.

This template is made in "[active-pdf](#)" format and can be personalized with the Client's logo or Owning Company heading letter.

[The APA Declaration Letter is available for free.](#)

You will find a copy of such template enclosed to this VAT Guide 2018.



BUNKERING

Bunkering of fuel and lube oils in exemption of VAT is admitted by law in Italy.

However, despite the law looks very clear on this, instructions and interpretations from local maritime authorities might vary from port to port and so from supplier to supplier.

We strongly recommend to always contact in advance your local ship's agent or trusted fuel trader to know more about the real possibility to bunker in exemption of VAT in each place.

Docs required for bunkering in Italy:

EU flagged yacht:

COR (Commercial Registry)
Charter Contract
Fuel Control Book (Libretto Carburante)
Application for Commercial Use in Italy

Non-EU flagged yacht

COR (Commercial Registry)
Charter Contract
EU Temporary Import Document (DAU)
Italian VAT Code (collected by Fiscal Representative)
Fuel Control Book (Libretto Carburante)
Application for Commercial Use in Italy

For a complete info about fuel and lube oils bunker in Italy please read our **VAT-Bunker-Chart** ([enclosed](#)).

Part of the hereby provided info has been provided by external sources.

For any questions or additional info please email us to info@yachtwelfare.it



**DOMANDA PER L'IMPIEGO DI UNITA' DA DIPORTO DI BANDIERA COMUNITARIA O
EXTRAEUROPEA IN ATTIVITA' COMMERCIALE IN ACQUE ITALIANE
APPLICATION FOR COMMERCIAL USE OF EU AND NON-EU YACHTS IN ITALIAN WATERS**

**Ai sensi dell'articolo 2 Comma 3 del Dlgs 171/2005 (codice della Nautica)
Pursuant to art. 2 para 3 of Law Decree 171/2005 (Italian Yacht Code)**

Alla Capitaneria di Porto/To the Harbormaster _____

Ufficio/Office _____

(L'Ufficio competente ove depositare l'istanza è il Porto italiano ove abitualmente staziona l'unità oppure il primo approdo dello Yacht in Italia)
(The application must be filed either to the port authority where the yacht is usually based in Italy or at the first port of call in Italy)

Il sottoscritto/ *The undersigned*, _____ nato a/born in _____ il/DoB _____, non in proprio ma nella sua qualità di legale rappresentante/ procuratore della Società armatrice/*not as itself but as the legal representative/ executive officer of the owning company* _____, con sede a/*with head office in* _____ all'indirizzo/at _____ e con Partita Iva italiana/ *and with Italian VAT no.* _____,

Iscritta al n/ *Filed at no.* _____ del Registro delle Società di/*of the Company Register of* _____ ove ha sede la società armatrice, avente quale oggetto sociale l'attività di noleggio/Charter */where the owning company is located whose corporate purpose is charter.*

Dichiara/Hereby declares

1) Di essere l'armatore della unità navale denominata/*To be the owning company of the yacht named* _____ e battente bandiera/*flying* _____ flag, con le seguenti caratteristiche/*with the following characteristics*:

- Porto di iscrizione /*Port of registry* _____ numero/ *number* _____;
- Lunghezza f.t. m /*Length overall m.* _____;
- Abilitata alla navigazione in alto mare/*Suitable for navigation in high seas*
- Persone componenti l'equipaggio n /*Number of crew*: _____ (_____)
- Ospiti trasportabili n /*Number of guests during navigation* : _____ (_____)
- Certificazione di idoneità rilasciata da/ *Copy of certificate of compliance issued by* _____ con validità fino a/*valid until* _____

2) Di utilizzare la predetta unità per l'attività di charter (noleggio con equipaggio)/ *To use the above yacht for crewed charter*

Si allega/*Attachments*

- a) il titolo che attribuisce la disponibilità dell'unità;/*Copy of flag certificate*
- b) copia della certificato emesso dal Registro di Bandiera contenente i requisiti di sicurezza della Nave/ *Copy of the certificate issued by Flag Registry detailing the safety requirements of the yacht (safety certificate)* ;
- c) copia della polizza di assicurazione a garanzia delle persone a bordo e della responsabilità civile verso terzi. /*Copy of PI insurance policy*

In relazione a quanto sopra, a norma delle vigenti disposizioni, si presenta l'unità istanza, in duplice copia, con preghiera di volerne restituire una copia munita dell'annotazione relativa all'attività svolta dalla predetta unità./ *With regards to the above, in compliance with the current laws in force, we hereby submit the application in two copies and request that one copy be returned noting the activity carried out by the above yacht.*

Il sottoscritto, è informato ai sensi dell'art. 10 della L. 31.12.1996 n.675, che i dati sopraindicati verranno trattati in base alla normativa vigente esclusivamente per finalità connesse al conseguente procedimento. /*The undersigned acknowledges that, in compliance with art. 10 of Law 31.12.1996 no. 675, the information herein will be processed pursuant to the laws in force exclusively for the purpose of completing the present procedure.*

The _____ li _____

Firma/Signature _____

Timbro dell'Autorità marittima/Stamp of the maritime authority

Visto/Approval:

Prot. n./Protocol no. _____

Note

- a) La domanda va presentata in due copie di cui una, vistata dall'autorità marittima, deve essere tenuta a bordo e presentata in sede di controlli da parte delle Autorità. / *Two copies of the application must be filed and one copy stamped by the maritime authority must be kept on board and produced during an inspection.*



Click and insert your header

To YACHT WELFARE s.r.l.

From **Owning Company** _____

M/Y _____

Charter Period from _____ to _____

Charterer _____

I, the undersigned _____ ,
on behalf of the Owning Company _____
with regards to the **APA deposit** of Euro _____ as per agreed in the Charter Contract, informs
you that:

1. The amount of Euro _____ is charged to the APA deposit to cover the costs for personal needs (such as but not limited to the purchase of food, drinks, personal goods, transportations and other services) to fulfill the requirements of the charterer and his/her guests on specific instructions provided by the charterer;
2. The amount of Euro _____ is charged to the APA deposit to cover the costs for navigation requirements (such as but not limited to the consumption of fuel and oil for engines/generators and on board systems) during the whole Charter period;
3. The **APA balance** is the difference between the total APA deposit (as per agreed with the Charter Contract and its Addendums) and the sums according to points 1 and 2 hereinbefore, which amounts to Euro _____ .

The APA balance has been:

- ☐ Refunded to the Charterer at the end of the Charter Period
- ☐ Paid by the Charterer at the end of the Charter Period

Copies of all invoices and receipts will be kept on file for six (6) years:

- ☐ on board
- ☐ by the Owning Company
- ☐ by Yacht Welfare srl, in its quality of Italian Fiscal Representative of the Owning Company
(scan copy of all invoices and receipts attached to this document)

Now, therefore, the undersigned requests YACHT WELFARE SRL to issue an invoice for the payment of VAT on APA in regards to the Operating Costs according to point no. 2 of this document.

Name of the authorized Signatory (full name in capital letters)

Position: ☐ Captain ☐ Owner ☐ Manager





















☐ Other






















(please specify position)

Place



Date

Official Stamp and Signature

 YACHT - MOTHER SHIP	FUEL / OILS PURCHASED BY THE YACHT			FUEL / OILS CHARGED TO THE CHARTERER					
	Bunker Place	VAT Paid	VAT Rate	Charter Place	Charter Fee VAT Rate	VAT on APA (Ref. Fuel/Oils)	Rate of VAT on APA	How to calculate VAT on APA	Notes
									
	ITALY	 YES	22%	Italy	6.6%	YES	6.6%	VAT applies to the net price per liter paid in origin for the total amount of liters consumed during the charter	No double taxation No VAT on top of VAT! 
				Italy	22%	YES	22%		
		 NO (duty free)	0%	Italy	6.6%	YES	6.6%		
				Italy	22%	YES	22%		
 TENDER JET SKY	The costs for VAT paid fuel and oils phisically bunkered at the fuel station, located inside of the Italian port, to fill up tenders, jetskies or other sorts of water crafts or toys, are to be charged in full at the same price paid.								
YACHT - MOTHER SHIP	FRANCE	 YES	20%	Italy	6.6%	YES	6.6%	VAT applies to the net price per liter paid in origin for the total amount of liters consumed during the charter	No double taxation No VAT on top of VAT! 
				Italy	22%	YES	22%		
		 NO (duty free)	0%	Italy	6.6%	YES	6.6%		
				Italy	22%	YES	22%		
YACHT - MOTHER SHIP	MALTA	 YES	18%	Italy	6.6%	YES	6.6%	VAT applies to the net price per liter paid in origin for the total amount of liters consumed during the charter	No double taxation No VAT on top of VAT! 
				Italy	22%	YES	22%		
		 NO (duty free)	0%	Italy	6.6%	YES	6.6%		
				Italy	22%	YES	22%		

	FUEL / OILS PURCHASED BY THE YACHT			FUEL / OILS CHARGED TO THE CHARTERER					
	Bunker Place 	VAT Paid 	VAT Rate 	Charter Place 	Charter Fee VAT Rate 	VAT on APA (Ref. Fuel/Oils) 	Rate of VAT on APA 	How to calculate VAT on APA 	Notes 
 YACHT - MOTHER SHIP	CROAZIA	 YES	25%	Italy	6.6%	YES	6.6%	VAT applies to the net price per liter paid in origin for the total amount of liters consumed during the charter	No double taxation No VAT on top of VAT! 
				Italy	22%	YES	22%		
		 NO (duty free)	0%	Italy	6.6%	YES	6.6%		
				Italy	22%	YES	22%		
 YACHT - MOTHER SHIP	OTHER EU COUNTRY	 YES	Local Rate	Italy	6.6%	YES	6.6%	VAT applies to the net price per liter paid in origin for the total amount of liters consumed during the charter	No double taxation No VAT on top of VAT! 
				Italy	22%	YES	22%		
		 NO (duty free)	0%	Italy	6.6%	YES	6.6%		
				Italy	22%	YES	22%		
 YACHT - MOTHER SHIP	NON-EU COUNTRY	 YES	Local Rate	Italy	6.6%	YES	6.6%	VAT applies to the net price per liter paid in origin for the total amount of liters consumed during the charter	No double taxation No VAT on top of VAT! 
				Italy	22%	YES	22%		
		 NO (duty free)	0%	Italy	6.6%	YES	6.6%		
				Italy	22%	YES	22%		

REQUISITES TO GET DUTY-FREE FUEL AND LUBE OILS

	EU FLAGGED YACHTS	COR (Commercial Registry) Charter Contract
	NON-EU FLAGGED YACHTS	COR (Commercial Registry) Charter Contract EU Temporary Import Document (DAU) Italian VAT Code (collected by Fiscal Representative) Fuel Control Book (Libretto Carburante)

ITALY CANCELS 2018 VAT RISE: VAT STAYS THE SAME

The Italian Council of Ministers has overturned plans and announced the country's new financial measures for 2018. Italian value-added tax will not rise in 2018, although it is scheduled to increase in 2019 and 2020 as per below listed:

10% VAT will go up by 1.5% in January 2019 and a further 1.5% in 2020.

22% VAT will increase by 2.2% in 2019 and by an additional 0.7% in 2020 and another 0.1% in 2021.

Excise Tax will also go up in 2019.

VAT EXEMPTION REGIME APPLICABLE TO VESSELS

On September 2017, the Italian Tax Authorities (Agenzia Delle Entrate) and the Association of Italian Shipbuilding Industry ("Unione Nazionale Cantieri e Industrie Nautiche", "UCINA"), issued the general guidelines on tax and yachting matters (Guidelines), contained in the book "Nautica & Fisco (see also <https://ucina.net/en/ucina-new-tax-rules-for-the-nautical-sector/>)".

The Guidelines provide further explanations about VAT exemption for transactions related to vessels:

- a. used for commercial purposes
- b. used for navigation on the high seas ("*navi adibite alla navigazione in alto mare*").

Primarily, on 12 January 2017, Agenzia Delle Entrate issued the Resolution 2/E providing certain clarifications on the definition of vessels used for navigation on the high seas for the purpose of the application of the exemption regime under Article 8-bis, letter a) and letter d) of Presidential Decree 633/1972.

Specifically, the above mentioned Article 8-bis reproduces the content of Article 148, letter a), c) and d) of Directive 112/2006/EU, providing for an exemption of certain operations relating to "*vessels used for navigation on the high seas and for carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities*".

In this respect, taking into account the position expressed by the Court of Justice of European Union, the Agenzia Delle Entrate pointed out that:

1. In order to benefit of the exemption regime, the condition that the vessel shall be "*used for navigation*



on the high seas” refers to vessels carrying passengers for reward, or used for the purpose of commercial, industrial or fishing activities, but it does not refer to vessels used for rescue or assistance at sea or to vessels engaged in inshore fishing (CJEU, Elmeke, joint proceedings C-181/04 e C-183/04).

2. For VAT purposes, *“high seas”* shall be intended as that part of the sea exceeding the maximum limit of 12 nautical miles from the base lines under International Law of the Sea (Article 3 of the Montego Bay Convention of 1982).

3. In order to assure that the exemption regime under Article 8-bis of Presidential Decree 633/1972 is applied with limited reference to the cases provided by the law (i.e., only to vessels actually and for the predominant part navigating on the high seas), it not sufficient to exclusively take into account the length or tonnage of the vessel.

For the above reasons, the Agenzia Delle Entrate clarifies that *“a vessel can be considered as used for navigation on the high seas if, with reference to the preceding year, she has effected, by more than 70%, voyages in the high seas (i.e., beyond the 12 nautical miles)”* and *“such condition shall be verified for each tax period based on official documentation”*.

DEFINITION OF “VOYAGE”

Pursuant to the Guidelines, *“voyage”* shall mean any cruise carried out between two ports where embarkation/disembarkation of goods and/or people take place.

Therefore, since a *“voyage”* has to be intended as a *“cruise between two ports, “circular”* cruises (starting from and coming back to the same port, as, inter alia, sea-trial, the transfer to the shipyard) shall be not included in the 70% calculation.

For example, if the vessel carried out 10 voyages on high sea between two ports and 10 *“circular”* voyages beyond 12 miles, it could enjoy the VAT exemption since it carried out the 100% of voyages on high sea (as a consequence of the above principle, since, for VAT purposes, *“circular voyages”* shall not be taken into account in the calculation of the total number of *“voyages”* carried out).

The official documentation proving that voyages have been carried out on high seas may include, for example, inter alia, the logbook, the cartographies, the GPS reports, the contracts and the relevant invoices. To request a VAT exemption, the yacht owner or the master of the yacht shall provide the supplier with the above documentation.

As of today, such documentation is absolutely necessary to prove the *“high sea cruising condition”*. A mere statement issued by the yacht owner/master declaring the *“high sea cruising status”* of the vessel shall not suffice.

Moreover, the *“high sea cruising condition”* shall be verified each year. In case of a percentage of voyages greater than 70% during a calendar year, the VAT exemption pursuant to Article 8-bis applies to the



following calendar year. In the event that the percentage above does not exceed 70% during the calendar year, it shall be no longer possible to enjoy the VAT exemption as from 1 January of the following year, except in the special cases listed hereinafter:

- a. the vessel is under construction, or
- b. the vessel has not yet carried out any voyage in the sea.

Only in these cases, it could be possible to apply the VAT exemption on the basis of a statement declaring the intention to use the vessel on the high seas. Therefore, in order to issue an invoice VAT exempted under Article 8-bis, the supplier shall require the owner or the person responsible for the yacht (for example, the master of the yacht) to provide a statement attesting: the declarant's personal data, the legal status of the declarant in relation to the vessel and the period for which the statement is provided. However, in the following year, the declarant shall verify if "70% high sea voyages condition" is met and, in the event of a failure in reaching the 70% of voyages on high sea, he shall inform the supplier accordingly. On the contrary, if such condition is met, the declarant shall provide the supplier with the official documentation proving that voyages on high sea, as described above, have been carried out.

COMMERCIAL USE (THE CONDITION)

To enjoy the VAT exemption, in addition to the "high sea cruising condition", another condition shall be met. Said condition is that the vessel must be used for commercial purposes. Therefore, any transaction related to vessel intended for sport or pleasure purposes shall be excluded from the VAT exemption. Firstly, it has to be pointed out that, VAT exemption shall apply, in any case, to vessels registered in the International Register, since such registration implies that the registered vessels shall be used for commercial purposes only.

In addition, the Italian pleasure yacht code ("Codice della Nautica da Diporto") provides a list of cases of commercial use of pleasure yacht, including, charter, leasing, professional teaching of navigation and activities carried out by diving centres using the vessel as basis for diving; for which, generally, the VAT exemption also applies.

However, to benefit of the VAT exemption, the commercial use of pleasure yachts shall be attested by a public register (Italian, International or foreign). Hence, as a general rule, the relevant foreign Harbor Authority or the relevant foreign shipping register shall indicate the use for business purposes of the vessel by inserting, for example, the wording "Commercial Yacht"/"Commercial Vessel/ Yacht in commercial use" in the relevant records. The VAT exemption, as above described, also applies to any advanced payment made during the construction of pleasure yachts, in accordance with the terms of the contract executed between the parties. When the VAT exemption is required for the purchase of a new pleasure yacht, the seller shall require a certificate of the Company Register attesting that the buyer's core business is a commercial activity in the maritime sector.





FISCAL SERVICES
VAT COMPLIANCE
CHARTER TAX

YACHT WELFARE SRL

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Finally, it has to be underlined that, the transfer of a vessel, registered or to be registered for non-commercial use (private use), to a natural person, shall not qualify for VAT exemption.

Moreover, to register a pleasure yacht as having commercial purposes when it is conversely used for personal purposes may imply significant sanctions. In fact, by law, pleasure yacht used for commercial purposes must be exclusively used for the activities for which they are officially registered. Nevertheless, the use of private pleasure yacht for occasional charter activities is allowed by law, but it never can be qualified as commercial use for VAT exemption purpose.

For a complete info about [possible sailings](#) and [voyage scenarios](#) please read our **YW-FCR** chart ([enclosed](#)).

Part of the info are from ucina.net and plegal.it.

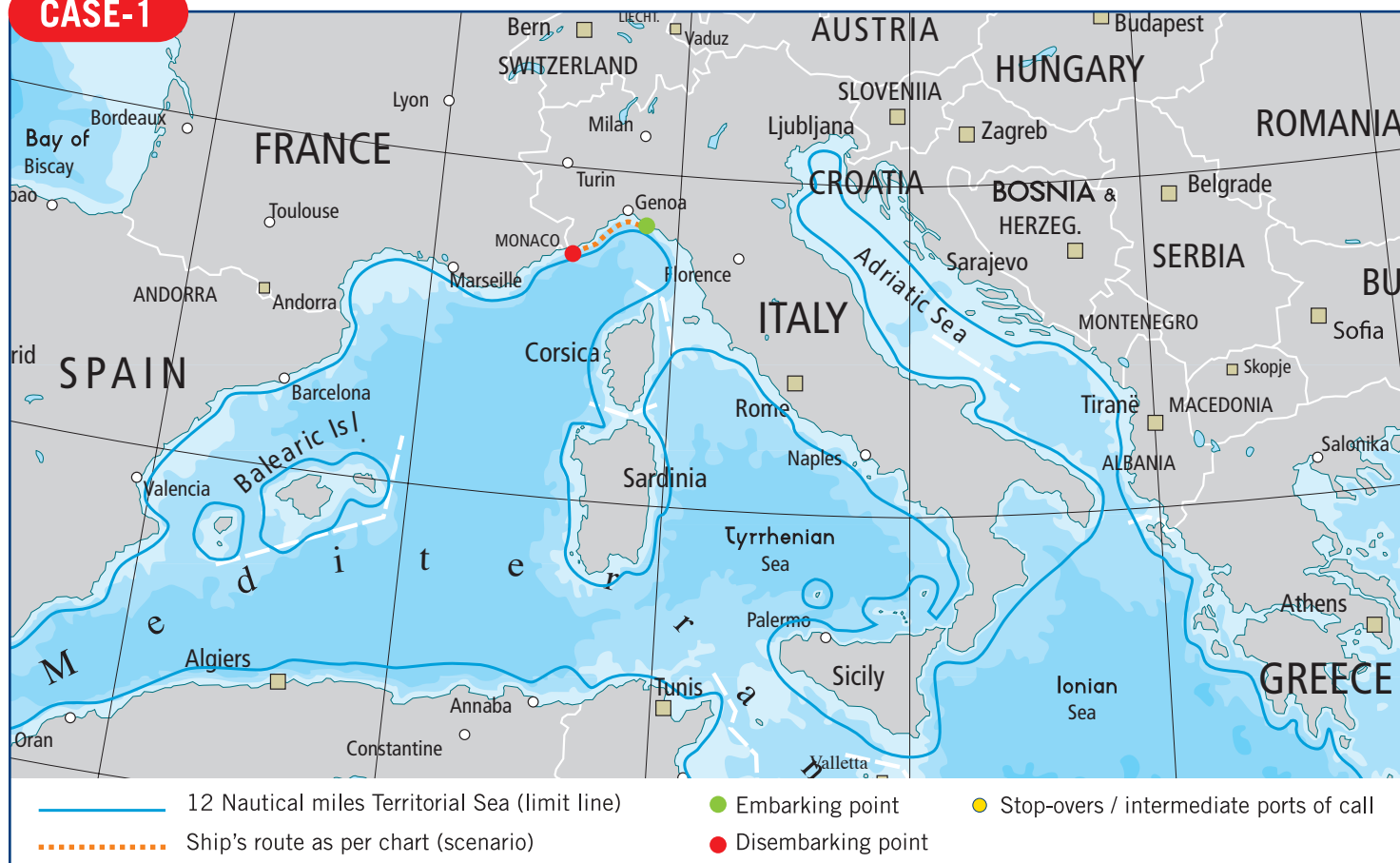
For any questions or additional info please email us to info@yachtwelfare.it



APPOINT NOW

www.yachtwelfare.it

CASE-1

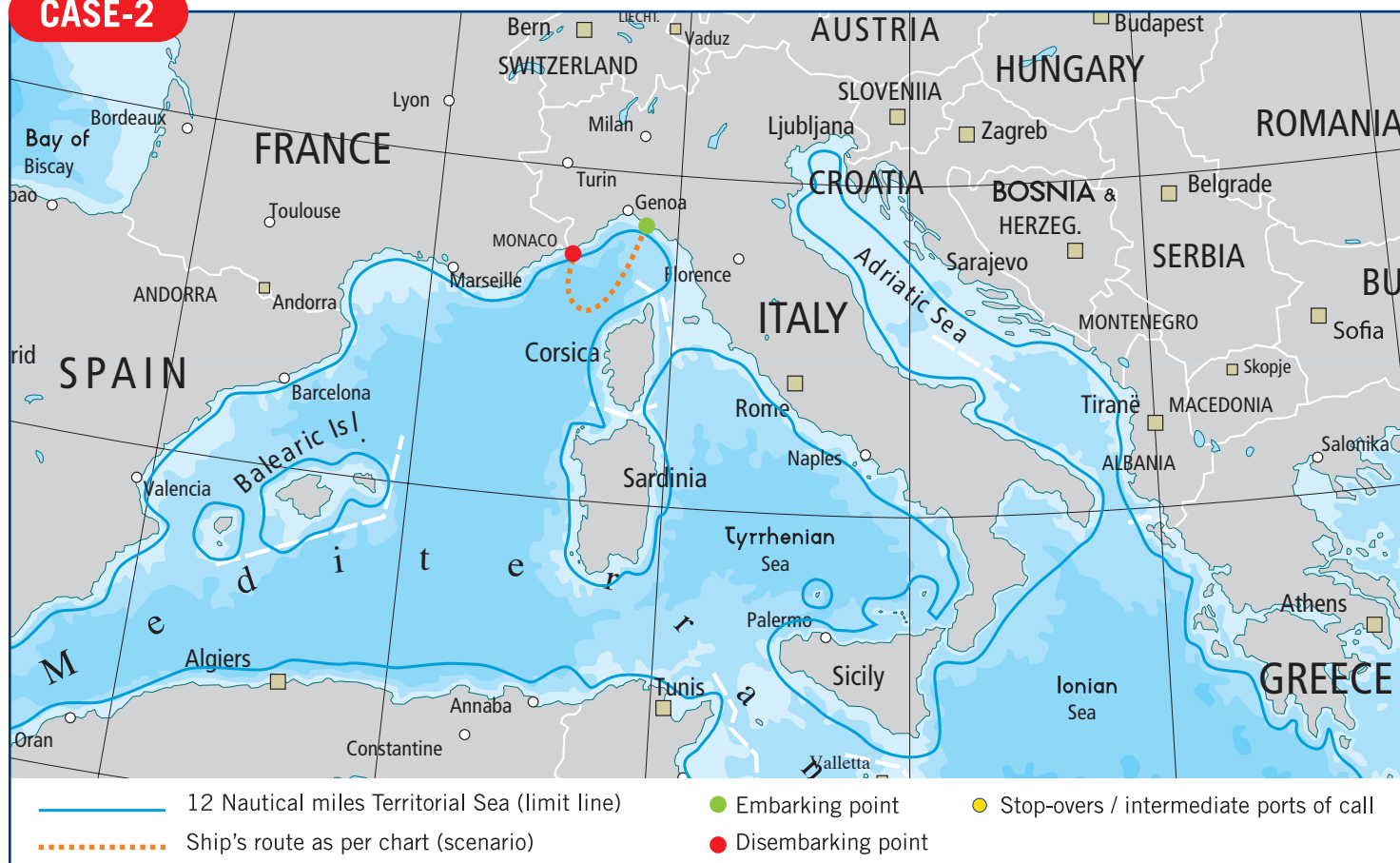


EXAMPLE

Charter embarked in Portofino, always sailing within Italian Territorial seas and disembarked in Sanremo.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Italy
	Charter Disembark	Italy
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	no
FISCAL DATA	Sailing across non-EU seas or high seas	no
	Italian VAT rate	22%
	Applicable on percentage of charter fee	100%
	Final applicable rate on charter fee	22%
	Time basis	no
	Proof of sail required	no
	Charter fee invoice	to be raised by fiscal rep. prior to the charter start
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	yes, if charged on a forfeit base
	VAT on APA	no

CASE-2

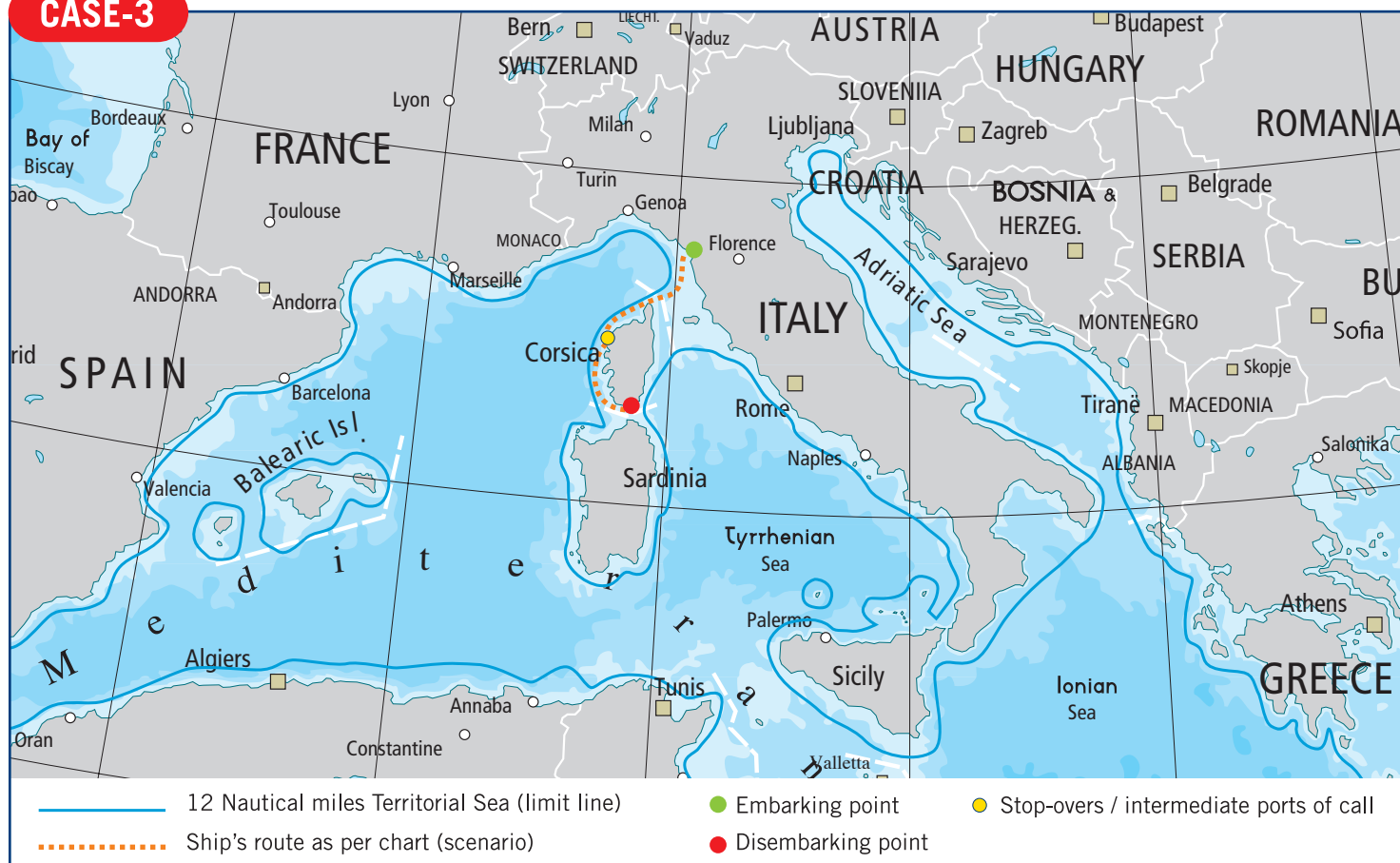


EXAMPLE

Charter embarked in Portofino, sailing also within international seas and disembarked in Sanremo.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Italy
	Charter Disembark	Italy
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	no
FISCAL DATA	Sailing across non-EU seas or high seas	yes
	Italian VAT rate	22%
	Applicable on percentage of charter fee	30%
	Final applicable rate on charter fee	6.6%
	Time basis	no
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. prior to the charter start
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	yes, if charged on a forfait base
	VAT on APA	no

CASE-3



EXAMPLE

Charter embarked in Viareggio, sailing to Calvi and disembarked in Bonifacio, without sailing across the international seas.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Italy
	Charter Disembark	other EU country
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	yes
FISCAL DATA	Sailing across non-EU seas or high seas	no
	Italian VAT rate	22%
	Applicable on percentage of charter fee	100%
	Final applicable rate on charter fee	22%
	Time basis	no
	Proof of sail required	no
	Charter fee invoice	to be raised by fiscal rep. prior to the charter start
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	yes, if charged on a forfeit base
	VAT on APA	no

CASE-4



EXAMPLE

Charter embarked in Naples, sailing to Olbia and disembarked in Bonifacio, sailing across the international seas.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Italy
	Charter Disembark	other EU country
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	yes
FISCAL DATA	Sailing across non-EU seas or high seas	yes
	Italian VAT rate	22%
	Applicable on percentage of charter fee	30%
	Final applicable rate on charter fee	6.6%
	Time basis	no
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. prior to the charter start
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	yes, if charged on a forfeit base
	VAT on APA	no

CASE-5



EXAMPLE

Charter embarked in Venice, sailing via Croatia and disembarked in Kotor.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Italy
	Charter Disembark	non-EU country
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	yes
FISCAL DATA	Sailing across non-EU seas or high seas	yes
	Italian VAT rate	22%
	Applicable on percentage of charter fee	30%
	Final applicable rate on charter fee	6.6%
	Time basis	no
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. within the date of payment of first installment
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	yes, if charged on a forfeit base
	VAT on APA	no

CASE-6



EXAMPLE

Charter embarked in Venice, departing immediately to Montenegro and sailing exclusively within international seas (non-EU).

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Italy (immediate departure compulsory)
	Charter Disembark	non-EU country
	Sailing within Italian Territorial Seas	no
	Sailing within other EU Territorial Seas	no
FISCAL DATA	Sailing across non-EU seas or high seas	yes
	Italian VAT rate	no VAT
	Applicable on percentage of charter fee	-
	Final applicable rate on charter fee	-
	Time basis	no
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. within the date of payment of first installment
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	yes, if charged on a forfeit base
	VAT on APA	no

CASE-7



EXAMPLE

Charter embarked in Nice, sailing to Sardinia and disembarked in Naples.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	other EU country
	Charter Disembark	Italy
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	not relevant
FISCAL DATA	Sailing across non-EU seas or high seas	not relevant
	Italian VAT rate	no VAT
	Applicable on percentage of charter fee	-
	Final applicable rate on charter fee	-
	Time basis	no
	Proof of sail required	no
	Charter fee invoice	not to be raised by the Italian fiscal rep.
	VAT Amount to be transferred to fiscal rep.	-
	VAT Amount to be paid to Italian Revenue Office	-
	VAT on delivery/redelivery fees	-
	VAT on APA	-

CASE-8



EXAMPLE

Charter embarked in Athens, sailing to Brindisi and disembarked in Ancona.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	Greece
	Charter Disembark	Italy
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	not relevant
FISCAL DATA	Sailing across non-EU seas or high seas	not relevant
	Italian VAT rate	22%
	Applicable on percentage of charter fee	-
	Final applicable rate on charter fee	-
	Time basis	22% for time spent within Italian territorial seas on daily basis
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. within the date of payment of first installment
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	-
	VAT on APA	-

CASE-9



EXAMPLE

Charter embarked in Montenegro, sailing to Ancona and disembarked in Venice.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	non-EU country
	Charter Disembark	Italy
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	not relevant
FISCAL DATA	Sailing across non-EU seas or high seas	not relevant
	Italian VAT rate	22%
	Applicable on percentage of charter fee	-
	Final applicable rate on charter fee	-
	Time basis	22% for time spent within Italian territorial seas on daily basis
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. within the date of payment of first installment
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	-
	VAT on APA	-

CASE-10



EXAMPLE

Charter embarked in Montenegro, sailing to Sicily and Sardinia, disembarked in Corsica.

SAILING DATA	Vessel Type	motor or sailing vessel
	LOA	above 24 metres
	Charter Embark	non-EU country
	Charter Disembark	other EU country
	Sailing within Italian Territorial Seas	yes
	Sailing within other EU Territorial Seas	not relevant
FISCAL DATA	Sailing across non-EU seas or high seas	not relevant
	Italian VAT rate	22%
	Applicable on percentage of charter fee	-
	Final applicable rate on charter fee	-
	Time basis	22% for time spent within Italian territorial seas on daily basis
	Proof of sail required	yes
	Charter fee invoice	to be raised by fiscal rep. within the date of payment of first installment
	VAT Amount to be transferred to fiscal rep.	within the 10th of the next month
	VAT Amount to be paid to Italian Revenue Office	within the 16th of the next month
	VAT on delivery/redelivery fees	-
	VAT on APA	-

CAYMAN ISLANDS (YET) IN ITALY

According to *"Shipping Notice 03/2017 released on 19st December 2017 by the Maritime Authority of the Cayman Islands"*, pleasure yachts registered in the Cayman Islands are now finally allowed to obtain Yacht Engaged in Trade Certification (YET). This certification includes a Yacht Engaged in Trade Certificate of Compliance (YET COC) and temporary Certificate(s) of British Registry for a Yacht Engaged in Trade (temp COBR YET) enabling the yacht to charter up to 84 days per calendar year in European (EU) waters. Please find hereby a quick summary of what the YET programme is:

A YET can be defined as a yacht of 24 meters or more in load line length, holding a valid Certificate of Class, which is voluntary compliant with all applicable commercial standards and regulations; which has obtained and maintains a Yacht Engaged in Trade Certificate of Compliance, allowing the yacht to obtain temporary Certificate(s) for a Yacht Engaged in Trade, and therefore to engaging in up to 84 days of charter per calendar year with no more than 12 passengers.

The main benefit of the program is flexibility; owners do not have to choose anymore between purely private or commercial registration. Owners can now use their yacht privately whilst being able to offset some of the running costs by offering their yacht for charter. Unlike commercially registered vessels, owners need not sign a charter agreement nor pay VAT on their own use. Unlike yachts operating under the switching regime, there is no need as well for switching between pleasure and commercial registration every time yachts change their mode of operation and use, nor to proceed with export/import formalities, leave the EU and visit a third country port each time yachts switch between pleasure and commercial use.

To be eligible to register as YETs, a yacht must either be in possession of a Value Added Tax [VAT] paid certificate or other document proving that the yacht has a VAT paid status; or operate in EU waters under the Temporary Admission [TA] regime in accordance with EU regulations meaning the yacht can enter and stay in EU waters for a period of up to 18 months without being liable to pay VAT on the hull. This second option is only available for yachts ultimately owned by non-EU residents and owned by non-EU Companies.

Pleasure yachts in possession of a valid Yacht Engaged in Trade Certificate of Compliance (YET COC) should expect to be inspected and audited as commercial yachts. Furthermore, private yachts operating under temporary Certificate(s) for a Yacht Engaged in Trade (and not only under private certificate of registration) shall be subject to inspection and control measures under the Paris Memorandum of Understanding. For the time being pleasure yachts which are operating under a temporary YET certificate can only start their charters in Monaco, France and in Italy under certain conditions.



Please find below a quick summary of the most important points about YET:

PURPOSE

The purpose of this Shipping Notice is to define the procedure to be followed for a Pleasure yacht registered in the Cayman Islands to obtain Yacht Engaged in Trade certification.

APPLICABILITY

This Shipping Notice is applicable to all Cayman Islands registered pleasure yachts that seek to charter in EU waters, which have a VAT paid status or operate under Temporary Admission regime in EU waters. This Shipping Notice also sets out the technical requirements necessary to qualify as a Yacht Engage in Trade.

CAYMAN ISLANDS – MEANS OF REGISTRATION

At the present, the Cayman Island Shipping Registry offer yachts two means of registration:

1. full registration 'pleasure' and
2. full registration 'commercial'

The **Yacht Engaged in Trade (YET) program** has been developed as a new dual use operation program to offer a **third means of registration for commercially compliant yachts**. This is to allow owners the flexibility they require to operate their yacht privately with the option to charter their yacht for up to 84 days per year while taking into account EU VAT and Port State Control requirements.

Yachts meeting the requirements of this Shipping Notice will be issued with:

- a Cayman Islands Yacht Engaged in Trade Certificate of Compliance (YET COC) and
- temporary Certificate(s) of British Registry for a Yacht Engaged in Trade (temp COBR YET) covering the charter periods or periods of commercial promotion. These certificates authorize yachts to charter for up to 84 days per calendar year in European (EU) waters.

Yachts wishing to engage in trade activities are required to be in compliance with:

1. the Merchant Shipping (Vessels in Commercial Use for Sport & Pleasure) Regulations, 2002;
2. the applicable sections of the Large Yacht Code;
3. this Shipping Notice; and
4. all other applicable and international requirements.



ADVANTAGES APPLICABLE TO YACHTS ENGAGED IN TRADE (YET)

1. Ultimate Beneficial Owners can privately use their yacht without losing the option to charter the yacht on an occasional basis to offset the annual running costs
2. Eliminates the need for switching between pleasure and commercial registration every time the yacht is to change its mode of operation and use
3. Eliminates the need to proceed to export/import formalities and the need to leave the EU and visit a third country post each time the yacht is to switch between pleasure and commercial use
4. Ultimate Beneficial Owners do not need to sign a charter agreement when using their own yacht on a private basis
5. Ultimate Beneficial Owners do not need to pay VAT on their own use
6. No risk of substantial penalties for extensive pleasure use
7. VAT Exemption is available on works for non-VAT paid yachts (inward processing relief regime)
8. The 18-month Temporary Admission allowance period is paused each time the yacht is used as a Yacht Engaged in Trade (YET) and placed under Temporary Admission for Commercial Activity (TACA YET)

ELIGIBILITY FOR A YACHT ENGAGED IN TRADE (YET)

1. The yacht must be 24 metres or more in length
2. The yacht must be in possession of a Cayman Islands Pleasure Certificate of British Registry (Pleasure COBR)
3. The yacht must successfully undergo an initial Compliance Verification survey in accordance with section 6 of this Shipping Notice
4. The yacht must comply fully with the requirements of the relevant chapters of the Large Yacht Code
5. The yacht must be classed by a Classification Society recognized by the Administration
6. The yacht must operate in full commercial compliance at all times, whether engaged in trade or not; including full commercial compliance with all applicable national requirements and international Conventions'
7. Yachts with a gross tonnage of less than 500, shall implement a Safety Management System as per the requirements of the Large Yacht Code. There is no requirement for a yacht under 500 gross tonnage to engage the services of a shore based company or Designated Person Ashore.
8. The yacht must have a documented planned maintenance system for all identified critical equipment
9. The yacht must hold a valid International Load Line Certificate issued in accordance with the Large Yacht Code for at least a short-range yacht



10. The yacht must be issued with a Cayman Islands Yacht Engaged in Trade Certificate of Compliance (YET COC) and temporary Certificate(s) of British Registry for a Yacht Engaged in Trade (temp COBR YET) covering the charter periods or periods of commercial promotion

LIMITATIONS APPLICABLE TO YACHTS ENGAGED IN TRADE (YET)

1. Whilst engaged in trade and operating under a temporary Certificate of British Registry as a Yacht Engaged in Trade (temp COBR YET), yachts are subject to any operational limitation included in the Yacht Engaged in Trade Certificate of Compliance (YET COC)
2. Commercial operations / charters are limited to a maximum of 84 days per calendar year
3. A maximum of 12 passengers may be carried
4. Charters are currently limited to Monaco and French waters
5. Owner's pleasure use is not allowed during the period of validity of the temporary Certificate(s) of British Registry for a Yacht Engaged in Trade (temp COBR YET)
6. A signed Master's Limited Trade Declaration for a Yacht Engaged in Trade (YET) shall be made and retained for inspection on board
7. Yachts certified as Yachts Engaged in Trade are not entitled to apply for any VAT exemptions on fuel or supplies

APPLICATION PROCEDURE FOR YACHT ENGAGED IN TRADE (YET) CERTIFICATION

1. The registered owner of the yacht must submit registration application form and complete the applicable 'Yacht Engaged in Trade' (YET) declaration in section 5 of the registered form
2. The yacht owner, manager or representative shall submit all applicable documentation to the Administration for Pre-Registration Vetting
3. If not already in possession of a Large Yacht Code Compliance Certificate, the yacht must successfully undergo an initial Compliance Verification survey in accordance with section 7 of this Shipping Notice upon which a Yacht Engaged in Trade Certificate of Compliance (YET COC) shall be issued
4. The yacht owner shall arrange for EU customs formalities to be addressed by the Customs Broker in the name of the Importer/Exporter
5. The yacht must either:
 - Be in possession of a Value Added Tax (VAT) paid certificate or other document proving that the yacht has a VAT paid status; or
 - Operate in EU waters under the Temporary Admission (TA) regime in accordance with EU regulations which allows the yacht to enter and stay in EU waters for a period of up to 18 months without being liable to pay VAT on the full. *This option is only available to yachts ultimately owned by non-EU residents and owned by non-EU Companies.*



Note: a Customs Broker is only required to carry out customs formalities on behalf of the Importer/Exporter for yachts operating under Temporary Admission (TA).

The procedure includes:

- The yacht being placed under Temporary Admission (TA) followed by Temporary Admission for Commercial Activity for a Yacht Engaged in Trade (TACA YET);
 - Issuance of the relevant oral declaration for the placement of the yacht under Temporary Admission (TA);
 - Issuance of the relevant import/export forms to provide clearance in and out for the yacht from the Temporary Admission for Commercial Activity for a Yacht Engaged in Trade (TACA YET) regime, during the period trade activities are undertaken.
6. At the end of the charter or period of commercial promotion, the Importer/Exporter shall remove the yacht from the Temporary Admission for Commercial Activity for a Yacht Engaged in Trade (TACA YET) regime.

Part of the hereby provided info has been provided by external sources.

For any questions or additional info please email us to info@yachtwelfare.it

