



Sanremo, 27th May 2020

Public Consultation for VAT on Charters

Following to our news released on 19th December 2019 (see here for more info: www.yachtwelfare.it/vatreduction) this past 25th May 2020 the Italian Revenue Office (Agenzia Delle Entrate) has finally put under Public Consultation a draft concerning the provisions for the application of the VAT reduction on Italian charters, according to the EU's articles 56 and 59 of the EU VAT Directive 2006/112/CE.

The most credited method to calculate the actual VAT due would seem to be a pro-rata reduction based on the cruising outside the European territorial waters, according to the real time or to the actual cruising miles spent at "high sea" (international waters), in accordance to the hereinbefore mentioned article 59-a.

Therefore, the main focus is to find and agree the list of papers, equipment and methods to determine the actual use of the yacht outside the EU territorial waters and so the exact VAT due in Italy.

This Public Consultation can be found at this link <https://www.agenziaentrate.gov.it/portale/web/guest/consultazione-pubblica-del-25-maggio-2020> and it will be open to the professionals' review and contributes until 3rd June 2020.

After this date, finally, the new law will come into force only from its official publication.

This also means that any charter signed before the official publication of the new law will be subject to the old legislation (e.g. 6.6% flat-rate reductions on Charter Fee).

Anyway there's still the chance that the Italian Minister will decide to follow in the footsteps of the French Finance Minister and so to suspend until 2021 the implementation of the new regulation in order to revitalise the yachting industry, especially after the recent situation of COVID-19 pandemic.

We will let you know about the progress of this long-awaited decisions as soon as possible.

Stay tuned with us in the forthcoming weeks to know and assess the developments.

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

