



SENTIENT

PRIVATE YACHT OWNERSHIP SOLUTION

Up until recently, private yacht owners have been able to make use of various EU specific VAT reduction schemes which have been available in the popular yachting jurisdictions such as Italy, Cyprus and Malta.

The aim of such arrangements was to reduce the amount of VAT payable on the purchase of a yacht which was to be used privately, resulting in significant savings for private yacht owners.

However, with the removal of these EU VAT leasing schemes many have been left wondering whether there is an alternative solution. With our private yacht owner rental solution, the answer is YES!

WHAT CORPORATE STRUCTURE SHOULD I USE?

Drawing together our wealth of knowledge and experience as well as our multi-jurisdictional presence, Sentient is able to offer an alternative solution to those previous VAT leasing schemes, which can provide a reduction of VAT payable on the purchase of a yacht down to as little as 3%.

Our new Private Yacht Ownership Solution gives the yacht EU community status so that it can freely move throughout the EU privately, without the need for a cumbersome commercial operation.

This arrangement defers the VAT ordinarily payable on the purchase or import of the yacht and upon being placed within the rental arrangement, VAT will only be charged on the bareboat rental fee that is charged for the yacht, therefore permitting yacht owners to use the vessels privately within the EU.

WHAT IS THE MAIN CRITERIA FOR USE?



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In order to be able to make use of our Private Yacht Ownership Solution there are a number of eligibility requirements that must be met:

- The yacht must be for Private use only. If you are considering making your yacht available for charter, please see our Commercial Yacht Ownership information sheet for an alternative solution;
- A valuation survey must be undertaken with a recognised Maritime Surveyor;
- VAT returns and applicable VAT payments must be completed and submitted;
- The yacht must go to Monaco at the start of the agreement.

This solution is a fully flexible arrangement with no minimum or maximum term. In order to utilise the solution there is no requirement surrounding residency of the yacht owner – the owner can be EU or non-EU resident; it does not matter.

Furthermore, the yacht may be flagged in any jurisdiction - it is not necessary to flag the yacht in the same jurisdiction where the corporate ownership resides.

However, it should be noted that there will be no 'VAT Paid' certificate when the yacht exits the arrangement. However, upon exiting the arrangement the yacht may be placed into another arrangement, exported, sold on, put into a commercial structure etc. without any restrictions.

WHY CHOOSE SENTIENT?

In a world where tax and VAT laws are forever changing, it is important for private yacht owners to feel comfortable and secure in the knowledge that the corporate structure through which they have chosen to purchase and own their yacht, is one that is watertight and secure from all challenges.

The very nature of yachting means a high value asset is always moving around, from port to port, country to country, around the EU and beyond.

We understand that it is important for Owners to feel rest assured in the knowledge that their yachts are owned by a corporate entity registered in a recognised and safe jurisdiction, that their structure is up to date with all compliance filings and has Directors who know how to operate and manage a vessel; but most importantly of all, that it can be demonstrated to any Authority that the right amount of tax and VAT has been paid at the right time, giving the owner the freedom to cruise anywhere, unhindered from the stresses and strains of worrying about Customs Port Authority's, exposure to fines, penalties and reputational risk.

Having worked with yachting clients since 1985, Sentient is well versed in assisting Owners, Captains and their Crew and can offer a range of solutions to cover all aspects of yacht ownership and management, flag registration and administration and crewing matters.

The above information is being provided as a general guide only and should not be construed as amounting to, or be considered as, a substitute for professional tax, legal or VAT advice.

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