



Yacht Leasing

Centuries old maritime tradition at the heart of the Mediterranean.

Why Malta?

- The Malta Shipping Register is one of the largest and most reputable registers in the world.
- Yachts attract the highest rate of VAT, however through a Malta lease purchase agreement, one may reduce the VAT burden to as low as 5.4% depending on the size and means of propulsion of the yacht.
- Yachts acquired by a Malta company may be leased to a third party lessee with an option in favour of the lessee to purchase the yacht at the end of the lease. The lessee is not necessarily required to be a Maltese national or a Malta company.
- Straight-forward and low cost procedure for the registration of new and second-hand yachts.
- Possibility of registering a yacht while it is still under construction.
- No obligation to register the yacht under the Malta flag.
- The Malta tax authorities issue an EU-wide VAT-paid certificate once VAT on lease instalments are paid.
- Malta has adopted the major International Maritime Organisation (IMO) and International Labour Organisation (ILO) conventions. Malta flag registered vessels are obliged to adhere to the provisions of these international standards.

www.bakertillymalta.com

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VAT Treatment

Malta VAT is payable only on the portion of the lease during which the yacht sails in EU waters. However, since this is very difficult to establish with any precision, the Malta tax authorities issued their own “presumed” length of stay guidelines fixing the duration of a yacht’s presumed stay in EU waters during a lease period and the extent of Malta VAT chargeable as follows:

Type of Yacht	% of lease subject to VAT	Effective rate of VAT
Sailing / Motor boat over 24 metres in length	30 %	5.4 %
Sailing boat between 20.01 and 24 metres in length	40 %	7.2 %
Motor boat between 16.01 and 24 metres in length	40 %	7.2 %
Sailing boat between 10.01 and 20 metres in length	50 %	9.0 %
Motor boat between 12.01 and 16 metres in length	50 %	9.0 %
Sailing boat up to 10 metres in length	60 %	10.8 %
Motor boats between 7.51 metres to 12 metres in length (if registered in commercial register)	60 %	10.8 %
Motor boats up to 7.5 metres in length (if registered in the commercial register)	90 %	16.2 %
Boats permitted to sail in protected waters only	100 %	18.0 %

Therefore, as an example, a sailing or motor boat of over 24 metres in length is presumed to have sailed in EU territorial waters for 30% of the time during which it was leased. Malta VAT would be chargeable at the standard Malta VAT rate (18%) on the portion of lease subject to VAT (30%) - resulting in an effective Malta VAT rate of 5.4%.

Baker Tilly Malta

Baker Tilly Malta, through the expertise of our professional staff within the sector, is able to deliver the following services related to the industry:

- Assistance and implementation of tax efficient ownership structures;
- Assistance in determining alternative financing structures for yacht leasing;
- Advice on tax and other related issues in connection with yacht leasing;
- Assistance in the registration of yachts in Malta;
- Assistance in registering for VAT and preparation of VAT returns;
- Liaising with the Maltese authorities as and when required;
- Accounting, audit, tax and company secretarial support services.