

# THE SMOOTH SAILING GUIDE

FORMALITIES AND REGULATIONS  
ROADMAP FOR YACHTS COMING TO  
THE MEDITERRANEAN EU  
COUNTRIES

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# Preamble

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*Yachting is a fascinating industry that started years ago without regulations.*

*It is a creative sector that combines both pleasure and performance.*

*However, the downside is that the applicable regulations have unfortunately increased considerably over time.*

*I thought it would be useful to inform yachting professionals and owners about the road map of necessary formalities yachts must comply with when entering the EU.*

*I am a shareholder and director of the companies SOS YACHTING France (specializing in fiscal representation), YMCA YACHTING (customs formalities and legal advice), and FLYN YACHTING (navigation tracking).*

*I have outlined at each stage of this roadmap how we can assist.*

*Please feel free to contact Ganna, David, Noémie or myself if you need any help.*

*We wish you a smooth sailing season in the Mediterranean in 2025.*

A handwritten signature in black ink, appearing to be 'Ganna', written over a white background.

# COMMERCIAL NON-EU YACHTS

- General

Commercial non-EU yachts need to be placed under the customs regime of “free circulation” to be allowed to trade in EU waters. This regime is granted after completing the formalities of importation.

During the stay in EU waters, the yacht can only be used under a commercial contract (charter or transport).

There is no limit of time for the stay in EU for non-EU commercial vessels, as long as they remain commercially registered.

- Formalities

- 1) VAT number:

To trade in EU territory, it is compulsory that the vessel’s owning company is attributed a VAT number in every country where the yacht will operate (from where it will start a commercial operations). Requesting and obtaining a VAT number can take several weeks, in consequence it is advisable to complete the formalities to request a VAT number in advance before the yacht’s arrival in the EU (it is not necessary to be in EU waters to request it).



- 2) Importation:

The importation is the formality that will grant the status of “free circulation“ to the yacht. To ensure importation of the yacht, it is necessary for the owning company to have a VAT number. Importation can be done in any EU country under the condition to give bank warranty or pay the VAT to be reimbursed afterwards - except in France which is the most accommodating country to import a non-EU commercial yacht in the EU:

- No bank warranty requested
- No VAT to pay

→ The tenders and chase boats arriving together with the main vessel and under their own registration can benefit from the temporary admission regime but to enable EU residents onboard during charters, the placement of the tender or chase boat under temporary admission will need to be done, mandatorily, after the importation of the main vessel and through a verbal declaration document as the mere crossing of the border will not suffice.



- 3) Contracts:

There are 2 types of contracts available to trade in EU waters:

- The **charter contract**: this is a rental contract, there is no restriction concerning the use of the yacht, there is an embarkation and a disembarkation point, and the number of guests is limited (by the flag). The VAT applicable on the amount of the charter fee in EU waters varies according to national regulations. In France, the VAT applicable to a charter contract is 20 %, and the fuel used in a charter contract is taxed (excise + VAT). It reaches 1.80€ per liter as this document is being printed.

- The **transport** (also called cruise) **contract**: this is a more restrictive contract concerning the use of the yacht as there is a predetermined itinerary for the cruise (that can be slightly amended under some circumstances). The applicable tax is lower than the one applicable to charter contract. VAT is 10 % for cruise in French waters (2.1% for cruise in Corsica) and 0 % for international cruise (foreign country).  
Regarding the fuel used for the transport contract, all the cost of the fuel used for a transport contract is included in the amount of the contract fee at a reduced cost compared to a charter contract as there is no tax applicable (no VAT and no excise). The cost at the time of printing is 0.70 € per liter. The applicable VAT is applied to the amount (contract + fuel) taking into consideration the cruise itinerary (see paragraph above).

*Nota: the transport contract is applicable to cruise departing from France (including Corsica). For more information, contact your broker or the ECPY association.*

4) Paying the VAT due on commercial activities in EU:

The payment of VAT is made by the fiscal representative designated by the yacht's owning company that has requested the VAT number. At the end of every commercial operation with a yacht, the fiscal representative will consider the data of the charter and will collect the amount of the VAT due from the owning company. The mission of the tax representative is to declare to the tax authorities the amount of VAT generated by the commercial operation and to pay it to the tax authorities.



5) VAT reduction for sailing in international waters or outside EU waters:

France & Italy are legally accepting not to apply VAT on commercial activities in international waters or for the time spent outside EU as long as evidence of sailing outside EU waters or in international waters is provided. The amount of reduction of the taxable base can be significant.

To obtain this evidence, the solution is to use the services of a tracking company. The tracking company will follow the yacht during the commercial cruise (using the AIS or a specific beacon) and will transmit to the fiscal agent the result of the percentage of sailing in EU waters and sailing outside EU waters. This information will enable the fiscal representative to calculate the exact amount of VAT due.



6) 70 % rule:

There are 2 fiscal categories of yachts:

- “High-Seas yachts” which benefit from VAT exemption (and therefore do not pay VAT on services and supplies and on the value of the yacht). A “high seas” yacht is a yacht that is doing at least 70% (France) or more than 70% (Italy) of qualifying fiscal trips outside the EU fiscal territory.
- “Coastal yachts” which do not benefit from VAT exemption and fall within the general VAT regime (payment of VAT on services and supplies and on the value of the yacht followed by recovery). The legislator introduced the concept of trip to determine whether the yacht enters the high-sea category (exemption regime) or coastal category (general regime, taxation, recovery). However, please note that the VAT paid on services cannot be reimbursed if according to territoriality rules it is not due in France but in the country of the owning company's registered address. The result will be the same as the VAT will be either not paid or paid and reimbursed (after a certain time).

The term “trip” means any commercial navigation made between two ports situated in national, EU or international waters, and specifically where loading/unloading of merchandise and/or embarkation/disembarkation of passengers occur. If during a calendar year, the yacht reaches 70% or more of qualifying trips, it is classed as a high-seas vessel (exemption from VAT). If it does not reach 70% qualifying trips, it is classed as a coastal vessel (general regime of payment followed by recovery of VAT).

The main issue is that in France and in Italy, yachts that have not reached 70 % or more valid trips will have to pay the VAT on supplies and services but also on the value of the yacht. As explained above, this VAT will be reimbursed by tax authorities upon request and at a certain time. This is obviously a situation to avoid. The solution is to have a tracking company that constantly follows the yacht's situation regarding the 70% ratio and advises on how to be on the safe side at the end of the year.



7) Customs authorities can deliver special authorizations for exceptional activities upon presentation of a request to use a vessel without contract for promotional events (photo shoot, brokers trips, sea trials etc.)



8) A yacht under commercial activity can also decide to pay the VAT on the value of the yacht. This payment can be done directly to the French customs with our assistance. If a company owns the yacht, the tax will be paid by the tax representative (SOS) upon receipt of the customs declaration mentioning the VAT due (YMCA).



9) Any yacht released for consumption within, or formally imported into the European union must, when she decides to leave the EU waters, fill out a formal exportation declaration.



10) Sale of the vessel:

If the owner decides to sell their vessel, when your non-VAT paid yacht is in French waters, the easiest solution to sell her is to do so in international waters with the support of YMCA; For commercial vessels, an exportation declaration is always mandatory when the yacht wants to leave the EU waters. However, French customs accept the closing in international waters without the need for the new owner to touch a non-EU port. Similarly, a VAT paid commercial yacht must be sold within the territory of the EU for the buyer to keep the VAT-paid status.

To prove that the sale took place in EU territorial waters or international waters, we recommend that you use a tracking service which will produce a detailed certificate with a map.



# COMMERCIAL EU YACHTS

- General:

Commercial EU yachts are placed under the custom regime of free circulation. Those yachts are allowed to trade in all EU countries if they comply with the local and national rules. A commercial EU yacht can only be used under commercial contracts.

- Formalities:

- 1) VAT number:

Any owning company operating an EU commercial yacht needs to have a VAT number in the EU country where it is established. To trade in an EU country other than the country where the owning company is established, it is necessary to obtain a VAT number in the country where the yacht is going to trade.



- 2) Importation:

The importation is the formality that will grant the status of “free circulation“ to the yacht. To ensure importation of the yacht, it is necessary for the owning company to have a VAT number. Importation can be done in any EU country under the condition to give bank warranty or pay the VAT to be reimbursed afterwards except in France which is the most accommodating country to import a non-EU commercial yacht in the EU.



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The main issue is that in France and in Italy, yachts that have not reached 70 % or more valid trips will have to pay the VAT on supplies and services but also on the value of the yacht. As explained above, this VAT will be reimbursed by tax authorities upon request and at a certain time. This is obviously a situation to avoid. The solution is to have a tracking company that constantly follows the yacht's situation regarding the 70% ratio and advises on how to be on the safe side at the end of the year.



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8) A yacht under commercial activity can also decide to pay the VAT on the value of his yacht. This payment can be done directly to the French customs with our assistance. If a company owns the yacht, the tax will be paid by the tax representative (SOS) upon receipt of the customs declaration mentioning the VAT due (YMCA).



9) Any yacht released for consumption within, or formally imported into the European union must, when she decides to leave the EU waters, fill out a formal exportation declaration.



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If the owner decides to sell their vessel, when your non-VAT paid yacht is in French waters, the easiest solution to sell her is to do so in international waters with the support of YMCA; For commercial vessels, an exportation declaration is always mandatory when the yacht wants to leave the EU waters. However, French customs accept the closing in international waters without the need for the new owner to touch a non-EU port. Similarly, a VAT paid commercial yacht must be sold within the territory of the EU for the buyer to keep the VAT-paid status.



To prove that the sale took place in EU territorial waters or international waters, we recommend that you use a tracking service which will produce a detailed certificate with a map.

# PRIVATE NON-EU YACHTS

## (not VAT-paid)

### THE CASE OF A PRIVATE YACHT used privately

- General

Non-EU private yachts are placed under the customs regime of Temporary Admission for private use while in EU waters (TA). Temporary Admission allows sailing continuously in EU waters for 18 months maximum without payment of VAT on the value of the vessel.

If the time in EU waters exceeds 18 months, the VAT on the value of the yacht will become due in the country where the yacht is located.

A new stay of 18 months can be granted after exiting the EU waters and a stop in a non-EU harbor. During her stay in EU waters, the yacht will not benefit from VAT exemptions on most of the services and supplies, except for consequent works done under a specific customs regime of “perfectionnement actif” (“*inward processing procedure*”). The time of the work under this regime is suspensive of the 18 months period. During the stay in EU waters, the yacht can only be used by non-EU main users or non-EU guests. The yacht cannot be offered for charter while in EU waters, but she can be lent for free to non-EU residents, under such circumstances.

- Formalities

1) When the yacht is entering EU waters, we advise to make a verbal declaration through a customs agent at arrival in a French port to sanction the beginning of the TA period.



2) To bring evidence of the stay in EU waters the yacht can use the services of a tracking company that will establish a certificate of entry in the customs territory of the EU detailing, with maps, the date and time the yacht entered EU waters.



3) If during the stay in EU waters, the yacht is receiving goods delivered, there are 2 solutions:

- Paying VAT on goods arriving from a non-EU country.
- Transit formalities to avoid the payment of the VAT are possible for goods delivered from another EU country.



4) If the yacht is planning to attend a yacht show (Monaco Yacht Show/Cannes Yachting Festival), it is compulsory to perform a customs formality called “Temporary Admission for Exhibition”.



5) If the yacht intends to undertake consequent works in an EU shipyard, it is compulsory to avoid payment of VAT to proceed with opening an inward processing regime. Under this customs procedure, the temporary admission cutoff date is suspended for the duration of works.



6) When the yacht is leaving the EU before the 18 months term expiration, it is recommended to clear the verbal declaration done in point 1 to certify the departure of the yacht from EU waters. If the use of a tracking expert has been decided on entry in EU waters, this expert will also produce a certificate of presence in a non-EU country after leaving the EU customs territory detailing with a map the date and time when the yacht touched a non-EU port.



7) If the stay in EU waters exceeds the TA period of 18 months, VAT on the value of the yacht will be due to the tax authorities. Under such circumstances there are 2 different procedures:



- The yacht is owned by an individual: payment will be done to customs authorities.
- The yacht is owned by a company: a customs declaration is issued, and VAT payment will be done to the tax authorities with the assistance of a tax representative.



8) When the yacht arrives in French waters without a determined customs status, it is possible to use the warehouse regime. It is a customs regime under which non-EU boats can be placed under by submitting a customs declaration. They remain monitored by Customs on a special dock. The vessels can use this regime awaiting to be imported or placed under a specific regime.



9) If the owner decides to sell their vessel when the non-VAT paid yacht is in French waters, the easiest solution to avoid any VAT implications is to sell her in international waters. French customs accept the closing in international waters without the need to touch a non-EU port to renew the Temporary Admission for the Buyer.

## THE CASE OF A PRIVATE NON-EU YACHT not VAT-paid engaged in trade (YET)

### • General

Private yachts, if they are commercially compliant and authorized by their flag, can perform charter activities under the following conditions:

- The charter starts in French waters (including Monaco & Corsica).
- The flag of the yacht is Cayman Islands or Marshall Islands.

- The yacht exceeds 24m load line length.
- A charter contract is in place.
- The time allowed to charter (flag regulation) is limited in total to 84 days per calendar year (from January 1st to December 31st).
- The main charterer must be a non-EU resident.
- The general applicable rules to the YET yachts are the rules of the temporary admission for private use.
- To pay the VAT to the authorities, it is compulsory to appoint a VAT representative.

- **Formalities**

Before starting any charter, the owning company of the yacht must request a French VAT number through a fiscal representative company.



Before the beginning of any charter:

- If the yacht wishes to benefit from VAT reduction on the charter fees due to the time spent in international waters, we advise proceeding with a tracking of the charter to calculate the exact VAT amount due to the tax authorities.  
*Nota: VAT is not due on the time spent in international and non-EU waters.*
- If there is no use of the yacht in international waters or in non-EU waters, VAT taxable base will not be reduced and, in consequence, it is not necessary to proceed with tracking operations.



At the end of the charter, the fiscal representative will request the amount of the VAT to the owning company of the yacht and will proceed with a VAT return filling and payment of VAT to the tax authorities.



# PRIVATE EU YACHTS

## (VAT-paid)

- **General**

The privately registered EU yachts are all, in principle, VAT-paid when they sail in EU waters. They can be used by the UBO, their family or friends without restriction.

They can be lent for free to individuals or companies.

They cannot benefit from VAT exemptions: VAT is due on works and supplies done or purchased in EU waters.

In the case of works performed outside of the EU, the VAT can be due on the amount of the works when the yacht is returning to EU.

## • Formalities

- 1) Advice: decision on the owning structure of the yacht, whether as individual owner or company owner, and the flag to choose to sail under.

This decision needs reflection and discussion. Most of the time, the UBO needs advice to make the best decision, especially taking into consideration that the rules are constantly changing in the field of maritime, customs, tax, and social regulations. Thanks to our expertise in the yachting field, we can help the UBO by presenting the various possible options suiting their personal wishes.

- 2) Importation of a new built outside EU:

When the yacht is purchased new outside EU she must be imported when arriving in the EU. Formalities and documentation of importation are done by a customs agent if the yacht is owned by an individual or by a fiscal representative if the owner is a company. In both cases, the VAT on the value of the yacht is due when the importation formalities are fulfilled.



- 3) Importation of a second-hand not VAT-paid yacht:

When the yacht is in EU waters, she needs to be exported by the seller and then reimported in the EU. If the yacht is outside the EU, there is no need to export the vessel: the formalities are reduced to importation and the payment of the VAT by the customs agent in case of individual owner and by the fiscal representative if the yacht is owned by a company.



- 4) Sailing in EU waters:

When the registration of the yacht is completed, the yacht will be in free circulation. There are no major formalities to do, the yacht is paying the VAT on the works and purchase.

- 5) Works done outside the EU:

Works done outside the EU are subject to VAT payment when the yacht is returning to the EU. The payment of VAT is made by a customs agent.



- 6) "Returned Goods Relief" :

A VAT-paid yacht cannot exit EU waters for longer than 3 years to keep the VAT-paid status intact upon her return. If the yacht departs for longer, the VAT-paid benefit will be lost. To keep the benefit of the VAT-paid status, it is compulsory to realize a temporary export formality before the departure of the yacht that will be followed by a re-import of the yacht in the EU when she returns to the EU (less than 3 years after departure/exit from the EU waters). Additionally, any change of ownership happening outside EU waters will trigger the loss of the VAT-paid status.



## TAX & CUSTOMS



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