

A banner image showing a low-angle view of several modern glass skyscrapers reaching towards a clear blue sky. The text "Isle of Man Yacht Ownership" is centered in a white box with a dark border.

Isle of Man Yacht Ownership

Corporate Ownership

When purchasing a high value asset such as a yacht it is essential to consider whether there may be wider financial or other liability implications either at outset or perhaps at some point in the future. The will vary depending on the intended pleasure or commercial usage of the yacht.

As highly experienced corporate service providers, we are well placed to help you navigate the potentially choppy waters of yacht ownership and to ensure that custody and management of your prized yacht stays on an even keel.

What to consider:

- Which entity to use; ownership via a company, partnership, foundation or trust?
- Will the use of a corporate entity offer privacy?
- Will the yacht be used for pleasure only or will it be chartered for financial return?
- Do I need tax and VAT planning advice?
- Can I reduce my VAT cost on purchase and/or operation?
- Will cruising in the EU be a VAT issue?

Why the Isle of Man?

The island has a highly beneficial tax regime with:

- Zero rate corporation tax
- No inheritance tax or death duties
- No capital gains taxes
- No stamp duty (including on share transfers)
- Zero rate insurance premium tax on asset insurance
- Potential for a low effective VAT rate using leasing
- Part of the EU for VAT purposes
- AA+ rated jurisdiction
- Independent of UK for direct tax purposes
- British Isle but not part of the UK

The Isle of Man is a well-established, respected and regulated jurisdiction, with a strong history and heritage in shipping, located in the Irish Sea.

The island has one of the fastest growing ship registers in Europe. The Isle of Man Ship Registry provides a high quality and fast response customer service with a low cost scale of charges. The registry is also favourably placed on the much sought after "White List" of the Paris Port State Control Memorandum of Understanding which reduces the potential for being targeted for inspection by Port State and Customs officials and reduces the increasing threat of yacht seizure by foreign authorities.

Is EU VAT an issue?

All yachts that are purchased, sold and brought into the EU are subject to VAT (value added tax). If the yacht is to cruise within the EU territories then as an owner you need to consider the VAT status of the yacht and whether there is an option to reduce the potential VAT liability. The opportunity to do this will depend on whether the yacht is going to be used for pleasure or commercial use.

Bareboat Charter

We are able to offer Bareboat chartering to clients who are seeking to defer the VAT on the purchase of a yacht. This type of charter is of particular interest to clients who intend to use their yacht on a pleasure basis and/or for reasonable periods outside the EU. The yacht is purchased via a VAT registered company, the VAT is recovered on the yacht purchase price and VAT is charged on the charter lease for the period of time it is berthed or cruising in the EU.

Commercial yacht charter

Commercial yacht charter is attractive to clients who operate a yacht on a commercial charter basis; this type of operation provides a contribution to the purchase and operational costs through commercial yacht charter fee income.

The yacht would be owned by a VAT registered corporate entity and would be registered for commercial use. VAT is accounted for at the time of importation and/or purchase of the yacht and if planned carefully can result in no cash flow payments of VAT.

It is important to understand the yacht will be operated on a commercial basis via a commercial charter agreement and may be chartered to third parties.

Yacht Services

We can establish bespoke structures to meet key needs of yacht owners as follows:

- Yacht Ownership Structures
- International Yacht Registration
- VAT Registration and Administration
- Sales and Purchase Administration
- Statutory Services

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No action should be taken on the basis of this note, nor should it be construed as amounting to tax, legal or VAT advice. Suitable and professional advice should always be obtained before entering into transactions of this kind.

About Abacus Trust Group

We are a leading fiduciary and professional administration services specialist based in key jurisdictions.

As an independent and privately-owned group of companies, our principle of applying integrity, independence and insight to meet our clients' requirements has gained us recognition as a leader in our field.

We provide premier onshore and offshore solutions to an international client base, delivered by a team of multi-disciplined, multi-lingual, resourceful and innovative professionals

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