



Ward & McKenzie

Yacht Surveyors, Project Managers and Legal Consultants

14A Deben Mill Business Centre
Old Maltings Approach
Woodbridge
Suffolk IP12 1BL

Tel: +44 (0)1394 383 222

Fax: +44 (0)1394 388 765

E-Mail: info@ward-mckenzie.co.uk

Website: www.ward-mckenzie.co.uk

MALTA YACHT LEASING SCHEME

FEATURES

The Government of Malta has introduced legislation which provides a highly attractive VAT package through established international guidelines applicable to Yacht Leasing. This law was drafted in conjunction with our highly respected and influential solicitors in Malta and included our input. The result is that it is now possible to discount the yacht value thereby reducing the effective VAT payable to a figure as low as 5.8%.

MAIN ELEMENTS

1. A Maltese company is established to purchase/own the yacht. The company will be registered for VAT in Malta. The purchase can either be funded by the shareholders or by a combination of a bank loan and funds from the shareholders. Most Marine Lenders are familiar with the Scheme.
2. At the commencement of the Scheme approval must be sought from the Commissioner of VAT in Malta who will assess the application, proposed valuation and determine the applicable VAT rate and, upon request, issue a Provisional Certificate at the beginning of the Scheme confirming that VAT on the said yacht is being accounted for in Malta.
3. The Maltese company will enter into a Lease for a period of 1 - 3 years. The Lessee may be a second Maltese company formed for and on behalf of the beneficial owner/the client. Alternative Lease options are available, e.g. to a Trust based Offshore, or an individual.
4. Under the terms of the Lease the Lessor will adopt as the Lease Value a figure of 102 - 105% of the suppliers invoice, the sale price or valuation. This figure is imposed in order to realise a commercial return to the Lessor. VAT is therefore charged on the Lease Value and on signing of the Lease the discounted rate of VAT will be charged on the "deposit" payable at that time (50%) and thereafter on the monthly lease payments of the balance. A financial example will accompany this overview and be prepared on a case by case basis.
5. VAT will be accounted for by the Maltese company upon its purchase either from the seller or from the Builder. Most likely this will be by reference to a zero rated invoice issued by the Builder, assuming an intra EU supply. This Scheme will therefore be attractive to EU Yachtbuilders.
- 6.. In the event of an import from a non EU state then VAT will be accounted for upon import into Malta and will be recovered on the first quarterly VAT Return. The result is a zero cash flow effect.



Ward & McKenzie (Yacht Consultants) Ltd
Company No. 3395740

Reg. Office: 14 Deben Mill Business Centre, Woodbridge, Suffolk IP12 1BL

"The international yacht consultants"





7. The purchase of the yacht should, ideally, be completed in Malta, alternatively, the yacht should proceed to Malta immediately after completion of the purchase. Great care will be required to ensure that the EU "Place of Supply" rules are complied with. Our Customs and Port Agents offer 24 hour assistance.
8. Similarly, when the option to purchase is exercised at the end of the lease (one/three years later) the yacht will have to return to Malta for these formalities to be completed and for the final VAT Paid Certificate to be issued.
9. The yacht can be registered under any flag, not just the Maltese flag.
10. A very limited Income Tax liability will arise as a consequence of the enhanced lease value, e.g. Euros 100 on a Euros 1 million yacht.
11. The effective VAT rate is directly dependent on the type and length of the yacht. Please see the attached VAT Department Issued Guidelines illustrating the various VAT percentages set according to the length of the vessel and it's means of propulsion. A detailed quotation will be provided on a case by case basis.

ADVANTAGES / BENEFITS

1. A reasonable valuation and highly advantageous net rate of VAT.
2. Mitigation / Deferment with regard to payment of the VAT.
3. Liabilities "Ring Fenced" by use of the Maltese Lessor.
4. Shorter Lease terms than apply for similar leases in other jurisdictions.
5. Private or Commercial use available.
6. Open choice of flag.
7. Early termination after 1 year allowed without penalty.
8. VAT Paid Certificate issued by the Maltese VAT and Customs Authority
9. A Government supported scheme enshrined in Maltese law, and therefore accepted throughout the EU.
10. Direct access to the key Maltese decision makers responsible for VAT, Customs and Registration.

All enquires should be referred to: Sir Ian Collett at WARD & MCKENZIE (YACHT CONSULTANTS) LTD - 00 44 1394 383222 or info@ward-mckenzie.co.uk