



Today 16th November 2017

Joint communique issued by:

**Malta Maritime Law Association,
Malta Maritime Forum
The Yachting Trade Section within the Malta Chamber of Commerce, Enterprise and Industry
Super Yacht Industry Network Malta**

This communique is being issued in reaction to the articles reported in the press on a communication sent by the French Commissioner Pierre Moscovici to Minister Scicluna regarding the application of rules on VAT relative to yachts.

The Guidelines issued by the Maltese VAT department regarding VAT treatment of yacht leasing are based on the principle of effective use and enjoyment as enshrined in article 59a of the VAT directive which allows Member States to limit the VAT payable on a supply of services to that portion only which reflects use and enjoyment of the service within the EU. No changes to the application of this principle have been effected since communications were made to the European Commission on the VAT treatment of long term hire of pleasure yachts, way back in 2009. Malta's VAT treatment of the leasing of pleasure yachts on the basis of the effective use and enjoyment principles in the EU VAT Directive has been based on the similar application of this principle by other Member States, in particular France and Italy. It is thanks to this that numerous yacht owners have been encouraged to bring their yachts within the European Union and pay VAT on such yachts rather than opt to not pay any VAT by retaining the yachts outside EU waters. The presence of these yachts in the EU in turn means further increased maritime activity for all those throughout Europe involved in marine related services ranging from general suppliers to yachts to technical services to wintering services

As practitioners we have over the past years assisted clients with the payment of VAT as provided for by Maltese and EU law. This in turn has assisted with the creation of a flourishing EU based yachting industry very much in line with the vision of the first Green Paper on an EU maritime policy as enunciated in 2006. This policy sought to encourage the development of marine related activities with a strong focus on the marine leisure industry, in order to ensure that Europe retains its prominence in the international maritime sector rather than see it dissipating outside the Union.

The yachting industry is one of several other marine related activities in Malta including our ship and yacht repair, tug and supply services, maritime flag, transshipment and a host of others. Malta is an ideally positioned yachting destination in its own right straddling western and eastern Mediterranean cruising grounds, it has a large domestic market and a substantial international market. Together these markets contribute significantly to the country's and to Europe's maritime dimension. It is vital that the EU authorities continue to recognise and encourage this contribution in line with the EU Maritime policy.

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