

A Guide to the Advantages of Yacht Registration in: Cyprus, Guernsey, Isle of Man, Madeira (Portugal), and Malta

Dixcart Air Marine specialises in assisting clients with yacht registration across different jurisdictions, offering expertise and guidance.

3rd May 2024

Introduction

For high-net-worth individuals and families, yachts represent not just a mode of transport but also a symbol of luxury and leisure. Owning a yacht in the optimum manner involves various important considerations, including the jurisdiction of registration, which can have a significant impact regarding; tax implications, regulatory compliance, and operational flexibility.

Dixcart Air Marine specialises in assisting clients with yacht registration across different jurisdictions, offering expertise and guidance throughout the process.

Registration of Yachts

The registration of a yacht involves choosing the right jurisdiction, considering factors such as tax regulation, legal framework, and administrative procedures.

Dixcart Air Marine provides comprehensive services, including; coordination of the registration process, advice on tax efficiencies, and ongoing administration and management.

In addition, we can assist with; special purpose vehicles, accounting, customs arrangements, and value-added services such as directorships. Our expertise extends

to import and export formalities, asset registration, and advice on VAT and corporate tax.

We handle ongoing registration requirements and closely monitor costs, budgets, and cash flow. We can also assist with crewing, including contracts and payroll.

Choosing the Right Jurisdiction

Selecting the appropriate jurisdiction for yacht registration is crucial. Each jurisdiction offers unique advantages, catering to different needs and preferences. Cyprus, Guernsey, Isle of Man, Madeira (Portugal), and Malta are among the sought-after jurisdictions for yacht owners due to their; favourable tax regimes, regulatory framework, and maritime expertise.

Yacht Registration in Cyprus

Cyprus emerges as an attractive jurisdiction for yacht registration, offering competitive registration fees, low annual costs, and favourable tax provisions. The Cyprus shipping registry has witnessed significant growth and maintains high-quality standards.

Recognised on the Paris and Tokyo MOUs' whitelists, Cyprus attracts foreign ship owners with its excellent tax benefits and quality fleet. Notable advantages include compliant VAT procedures, and a robust tonnage tax system. Additionally, Cyprus offers tax exemptions on dividend income and profits from foreign establishments, ideal for ship management companies seeking efficiency and reliability.

In May 2010, Cyprus introduced a tonnage tax system in line with EU guidelines. This system calculates the tonnage tax (TT) based on the net tonnage of eligible ships involved in qualifying shipping activities and uses a defined set of band rates as detailed in the appropriate legislation. Instead of taxing profits directly, this system assesses ships based on their size, offering flexibility for companies with diverse business operations under the same group.

Shipping activities are taxed according to ship size, while other operations face a fixed tax rate of 12.5%. Additionally, Cyprus provides various tax advantages to ship management companies, such as exemption from dividend income (under specific conditions), tax-free profits from foreign permanent establishments, and no withholding tax on income repatriation (including dividends, interest, and nearly all royalties).

If you would like further information regarding Yacht Registration in Cyprus, please contact: advice.cyprus@dixcart.com

Yacht Registration in Guernsey

As a member of the Red Ensign Group, Guernsey provides a reputable yacht registry, ensuring stability, tax efficiency, and regulatory compliance. Yachts registered in Guernsey benefit from competitive fees and reliable administration. Utilising a Guernsey corporate structure offers asset protection and other advantages, including access to an exclusive flag and VAT registration. Additionally, Guernsey's international registration validity, flexible presence requirements, and VAT-free options appeal to yacht owners.

Guernsey provides competitive registration fees without tonnage tax or additional annual ship registry fees. Registrations are internationally recognised, with all documentation available in English and widely accepted.

Importantly, Guernsey-registered yachts are not obligated to visit Guernsey physically. In addition, as Guernsey lies outside the EU VAT territory, it offers advantages to non-EU resident owners who wish to operate their vessels VAT-free in Europe, under Temporary Admission (Temporary Importation) relief, provided they meet eligibility criteria.

If you would like further information regarding Yacht Registration in Guernsey, please contact: advice.guernsey@dixcart.com

Yacht Registration in Isle of Man

The Isle of Man offers advantageous VAT arrangements for commercial charter services, allowing for VAT reclamation on purchases or importations. Yachts owned by Isle of Man-registered companies enjoy zero-rated tax on charter income, along with streamlined customs procedures and tax benefits.

Even if a yacht is not registered on the island, it can still benefit from the Isle of Man's VAT arrangements, if owned by a company registered for VAT in the Isle of Man, as long as it is used for commercial charter services. In addition, Isle of Man structures enable VAT accounting and reclamation on yacht purchases, facilitating efficient transactions.

Charter income can be subject to a zero-tax rate in the IOM. If a yacht can accommodate ten or more passengers, including crew, it may qualify as 'passenger transport' for VAT purposes. In the Isle of Man or the UK, supplies of 'passenger transport' are VAT-exempt, while in EU member states, chartering services may be subject to local VAT regulations depending on where the charter occurs.

Yacht Registration in Madeira (Portugal)

Madeira, as part of Portugal, offers a credible and competitive option for yacht registration through its International Shipping Register. Yachts registered in Madeira benefit from EU compliance, VAT advantages, and tax incentives, making it an attractive choice for yacht owning companies.

Madeira's International Shipping Register (MAR) maintains EU standards and is not recognised as a flag as a convenience by organizations like the International Transport Workers' Federation (ITF). Additionally, MAR allows full access to EU waters without restrictions for commercial or private yachts. For commercial yachts, MAR offers VAT exemptions on various expenses.

Importing a second-hand yacht into the EU, particularly under Portuguese VAT rules, offers several advantages. Firstly, VAT can be applied to a lower acquisition price based on devaluation, potentially resulting in a significant VAT reduction. For commercial yachts registered on MAR and engaged in charter activities, there are VAT exemptions on the acquisition price, repairs, fuel, provisioning goods, and equipment supply, provided there is regular commercial operation and appropriate charter agreements are in place.

In addition, operational benefits include no citizenship requirements for crew, and exemption from personal income taxes, and flexible social security arrangements for crew members.

Yacht owning companies in Madeira enjoy a favourable tax regime, which includes reduced corporate income tax rates and withholding tax exemptions. Madeira companies benefit from automatic VAT registration, exemptions from initial yacht registration fees, and reduced annual fees. Furthermore, investment routing can eliminate withholding taxes on dividends.

If you would like further information regarding Yacht Registration in Madeira, please contact: advice.portugal@dixcart.com

Yacht Registration in Malta

Over the past decade, Malta has consolidated its status as an international Mediterranean centre of maritime excellence, with the largest shipping register in

Europe and the sixth largest in the world. Additionally, Malta offers favourable conditions to yachts used for both private and commercial charter and is a world leader in commercial yacht registration. Its business-friendly environment, strategic Mediterranean location, and adherence to international maritime standards contribute to its prominence.

Maltese registered commercial yachts face no trading restrictions, and there is a fast crew-acknowledgement certification process, with a maximum three-month acknowledgement period.

When a yacht is to be used for commercial chartering, a VAT deferment can be obtained, when a yacht, to be used for a commercial operation, is imported into Malta. The yacht owner is also able to recover VAT incurred on goods and services used for the chartering operation.

Similarly when a yacht is to be used for long term leasing, a VAT deferment can be obtained, with the end user, the lessee, paying VAT on the monthly lease payments over the term of the lease. Furthermore, any usage of the yacht outside EU waters is not subject to VAT.

Sales of yachts by Maltese-licensed shipping organisations incur no Malta tax, and non-Maltese residents selling shares in a yacht-owning company are exempt from capital gains tax under Malta Tax Law.

If you would like further information regarding Yacht Registration in Malta, please contact: advice.malta@dixcart.com

Conclusion and Contact Details

Selecting the right jurisdiction for yacht registration is paramount for maximising benefits and ensuring regulatory compliance. With its expertise and global presence, Dixcart Air Marine assists clients in navigating the complexities of yacht ownership, offering tailored solutions to meet their specific needs and preferences.

If you would like further information regarding [Yacht Registration](#), and aren't sure what jurisdiction, please contact advice@dixcart.com for further assistance.