



Yachts

“We can’t stop the waves of change,  
But we can steer you in the right direction”





A yacht is a significant investment made up of time, effort and money; placing it in a carefully structured ownership entity can offer a number of benefits, including potential tax and VAT savings.



## Key Considerations

- **What entity type should I use – Company? Partnership? Foundation? Trust?**
- **Will the use of a corporate entity offer more privacy?**
- **Will my vessel be used on a pleasure only basis or will it be chartered for financial return?**
- **Do I need to obtain tax and VAT planning advice?**
- **Can I reduce my VAT cost on purchase and/or operation?**
- **Will cruising within the EU be a VAT issue?**

## Why Structure?

As a highly experienced corporate service provider, with significant experience in the establishment and administration of structures holding luxury assets, Abacus is well placed to assist you through the complexities of yacht ownership.

We assist owners and their representatives in understanding the diverse requirements of owning a yacht and provide tax efficient ownership structures and administration services to ensure that custody and management of their prized vessels stay on an even keel.

# Our Services

**We offer a range of superior quality services, tailored to each client's individual requirements, which are delivered professionally, reliably and with complete integrity by a highly experienced and multi-disciplined team of experts.**

## **International Ownership Structures**

In an age of increased litigation, it is recommended that ownership of a high value asset that moves from country to country, exposing itself to differing jurisdictions' legislative requirements and tax laws, is owned by a corporate structure rather than in an individual's name. A corporate structure affords the advantage of segregating the inherent risk involved and provides privacy of ownership.

It is important to consider how and where the asset will be used, whether there is any tax or VAT exposure and whether the asset is intended to generate income, and how tailored tax planning could maximise returns and minimise liabilities.

Abacus Yachts provides simple ownership structures for private and commercial yachts. We work with owners and their representatives to assemble a support team that work alongside their family offices and intermediaries, giving the owner the freedom to enjoy their vessel.

Where VAT is an issue, we are able to offer ownership structures and leasing services to clients who are seeking to reduce their VAT cost for pleasure and commercial yachts.

## **Yacht Registration**

Where and when you intend to use your vessel will often drive the decision on where to register your yacht. Selecting the right jurisdiction is imperative and with so many registers available, each offering different opportunities, the decision can often be difficult and confusing.

We offer multi-jurisdictional registration and will assist you in finding the most suitable jurisdiction for you, based on your individual needs and requirements.

Abacus Yachts is based in two of the world's leading shipping jurisdictions, the Isle of Man and Malta, both of which offer a number of benefits to anyone considering yacht ownership or yacht registration there.

## **VAT Registration and Administration**

Yachts that are purchased, sold and/or operated within European Union territories, irrespective of the owner's nationality or where the vessel is registered are subject to Value Added Tax (VAT).

If you intend to cruise within the EU territories, as an owner you need to consider the VAT status of the yacht and whether there is the option to reduce the potential VAT liability. The opportunity to do so will depend on whether the yacht is going to be used on a pleasure or commercial basis.

Where VAT may be an issue, Abacus Yachts can offer ownership structures and leasing services which allow you to reduce the effective VAT rate. Working closely with your VAT Advisor, we can also facilitate VAT importation of your yacht and assist you in sourcing suitable tax advice to ensure that the optimum route is chosen.



## **Yacht Leasing**

Malta and the Isle of Man provide the opportunity to establish an ownership structure for your yacht and provide for leasing of the asset. The advantage of leasing is the ability to reduce the effective rate of VAT or to defer the VAT payable on the asset.

Leasing can be particularly beneficial to owners intending to operate their yacht in the EU, but who are unable to take advantage of VAT exemptions.

## **Statutory and administration services**

We offer a full range of supporting statutory services to yacht ownership structures and are able to act as a variety of officers on most types of entities, including individual and corporate directors, company secretary, registered agent and general partners.

## **Sales and Purchase Administration**

We have the experience, skills and contacts to assist with the purchase and administration of yachts, associated toys and the necessary supplies for its operation.

## **Yacht Insurance Administration**

Due to our longevity within the yachting industry, we have built up a good network of reputable providers including those required for insurance needs, and will manage the relationship on your behalf as part of our insurance administration services.

## **Additional Services**

Through our international network of reputable intermediaries we can also locate and coordinate:

- **Yacht brokerage services**
- **Yacht charter services**
- **Yacht compliance services**
- **Yacht insurance**
- **Yacht management services**
- **Yacht agency services**
- **Crew management and payroll**

## Yacht ownership using Malta

The island has a highly beneficial tax regime with:

- **An extensive network of double taxation treaties**
- **Low company tax rate and the possibility to pay a low-rate annual tonnage tax only**
- **Onshore for EU tax purposes**
- **No capital gains taxes**
- **Potential for low effective VAT rate using leasing**
- **VAT registration available on charter yachts**
- **No restrictions on the sale and mortgaging of Maltese yachts**
- **No ownership restrictions regarding nationality of the owner**
- **No restrictions on sailing to any port worldwide**

Malta is a long established, respected and well-regulated jurisdiction, with a strong history and heritage in shipping, located in the very heart of the Mediterranean. The Malta Ship Registry is one of the fastest growing registries in the world and ranks number one in Europe. It provides a high quality and fast response customer service with a low registration costs for yacht registration.

The registry is also favourably placed on the much sought after “White List” of the Paris Memorandum of Understanding on Port State Control which reduces the potential for being targeted for inspection by Port State and Customs officials.

## Yacht ownership using 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**
- **Independent of United Kingdom 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 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.

# Case Studies

**Case Study 1:** A UK resident non-domiciled client had decided to buy a new 65 metre motor yacht with a delivery date in approximately 18 months' time. The vessel was to be used for commercial operations and be available in both the Mediterranean and Caribbean for chartering purposes.

Whilst the asset itself needed to be managed in line with the appropriate level of technical skills a high value luxury yacht needs to be post build, it was also important to get the fiscal side of the underlying client's tax affairs and ownership structure correct also.

Abacus through its team of highly experienced yacht specialists worked hand in hand with the client's tax and VAT advisors and with the lawyers during the build phase. Post build Abacus were able to ensure any potential remittance issues for the non-domicile client were well managed whilst working with flag state and the yacht captain to keep the yacht operational and sea-worthy.

**Case Study 2:** Following an approach from an existing client via the head of the family office, we were asked to assist with the importation of a new 65 metre sailing yacht into Malta along with the ongoing fiscal management of the Malta entity established to own the vessel.

The yacht was for private use, thus allowing the Malta VAT leasing arrangements to be used. We carried out the work to put in place a Maltese lease structure and worked on the ground with Customs and the Flag state, completing the importation in good time. Following importation the owner was able then benefit from a reduced rate of VAT on the purchase of the yacht as applicable under the VAT leasing scheme.

The family continue to enjoy use of the vessel in the Mediterranean and both the captain of the vessel and the owning family are delighted with the service provided from the Abacus team.





# Testimonial

“When dealing with a valuable luxury asset like a yacht, it is important as an owner, to have a knowledgeable, professional and more importantly, a reliable team working alongside you.

Abacus has been administering our yacht’s ownership structure since its establishment in 2008, during which they have been more than just administrators. The Abacus team provide invaluable guidance in respect of the diverse requirements such as ensuring the vessel is safe and secure, they manage the fiscal responsibilities such as tax and VAT reporting and also provide ongoing support, working alongside our other representatives and advisers; all of which is consistently delivered professionally, reliably and with complete integrity at all times.

We recognise the importance of having a relationship with an experienced team who deliver excellent client service and welcome the opportunity to continue working with such a dependable and proficient organisation such as Abacus.”

Owner, MY Red Anchor

# About Abacus

Abacus Yachts forms part of the leading fiduciary, fund and professional services group based in the Isle of Man and Malta. As an independent and privately owned group of companies, our principles of applying integrity, independence and insight across our client's financial and fiduciary requirements, has gained us wide recognition as a leader in our field.

As one of the longest established and reputable service providers on the Isle of Man, later expanding into Europe through the establishment of our Malta office, we have established a track record of 40 years of excellence in providing fiduciary and professional administration services.

We provide premier onshore and offshore solutions to an international client base, delivered by an experienced and technically competent team of multi-disciplined and multi-lingual professionals. Whether an investment portfolio, trading company,

real property, a luxury yacht or business jet, we can establish an effective trust, company or fund structure tailored to the needs of our clients and offer associated administration services and back office support at a level they require.

In a fast evolving world it is important for us to be proactive. We are committed to finding new ways in which we can assist clients through the development and provision of new solutions and keeping pace with change and ever more sophisticated tax planning.

We set ourselves apart from other providers through comprehensive understanding of the planning behind each structure to ensure it is the optimum solution in each instance. We then apply this depth of knowledge, understanding and expertise to ensure that the services we provide meet the objectives of each individual client and their respective individual planning needs.

*Abacus Yachts is a registered trading name of Abacus Trust Company Limited, who is licensed by the Isle of Man Financial Services Authority.*

*Abacus Corporate Services Limited is authorised by the Malta Financial Services Authority to provide trustee and other fiduciary services.*

*Abacus Trust Company Limited is a member firm of Nexia International. Nexia International is a leading worldwide network of independent accounting and consulting firms, providing a comprehensive portfolio of audit, accountancy, tax and advisory services.*



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