

REMINDER OF THE BASIC VAT RULES FOR THE COMMERCIAL USE OF PLEASURE BOATS

FRANCE / MONACO



1. VAT & APA

A vessel benefiting from a commercial exemption (FCE&ICE) can pay its operating invoices excluding tax, but beware that during a charter everything changes.

The Charterer must pay VAT on all products and services from which he benefits (Port, fuel, spirits, food, etc...).



Pay attention to the names affixed to your invoices during a charter, assume that a VAT paid by mistake will not be recoverable.

Example 1: if you refuel in Italy, you pay VAT, and the invoice is in the name of the Vessel, you will have to ask the final beneficiary to pay the VAT twice and pay it back to the tax authorities who do not recognize VAT on the vessel. If this same invoice was made under the name of the charterer, it is proof of payment of VAT by the final beneficiary, so there is nothing more to do.

So, during a charter an invoice paid excluding tax must be in the name of the vessel, and an invoice paid including tax in the name of the charterer. Then you will have to collect (legal obligations) all the unpaid VAT on the products and services provided during the charter.

Differentiate between a product that is part of your operation and a product requested by the end customer.

Example 2: one of the jet skis on board breaks down, you rent a replacement jet ski, the invoice for the service will be in the name of the ship and excluding tax or a customer asks you for more jet skis than you own, you rent two Jet skis so the service will be inclusive of tax and in the name of the charterer.

In short: for all the invoices paid including VAT on behalf of the final customer, you have nothing more to do than keep them. For all the invoices paid excluding VAT on behalf of the vessel and for the benefit of the charterer we must collect VAT, declare and pay it to the tax authorities.

2. VESSEL RENTED EXCLUDING VAT

- Can only be proven by intra-community VAT registered company, whose accounts are declared
- The law clearly indicates that a company is responsible for collecting VAT on behalf of the country.
- Any company wishing to benefit from tax exemption must provide proof of VAT exemption.

3. USE OF THE TRANSPORT AGREEMENT

- It is imperative to provide the list of guests and the itinerary of the transport (page 5 & 6) before the start date of the Charter Contract (customs may require the bank swift corresponding to the amount of the contract)
- No Addendums will be accepted by the tax services except in situations of : weather, breakdown, accident, force major .
- Your actual itinerary must meet the itinerary designed in the contract.
- If you buy blue fuel (ex : VAT&TICPE) you must consume everything or declare the amount not used (keep expend receipt)
- To benefit from 0% VAT, you must provide proof of disembarkation ashore outside French territorial waters.

4. CALCULATION OF THE 70% RULES (FCE & ICE Commercial Status)

- The list of embarkation and disembarkation must be affixed to the logbook or in LogNav (passengers list)
- Your charter contracts outside Europe must also be registered in LogNav
- **As a reminder:** 1 journey between 2 events* within the charter

**Definition of an event = Embarkation and Disembarkation of passengers*

FOR ALL YOUR SPECIFIC QUESTIONS, VERITAX IS AT YOUR SIDE TO HELP