

Yachts Engaged in Trade (YET's): New RMI dual use initiative.

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Janet Xanthopoulos
ROSEMONT YACHT SERVICES
Head of the Yacht Department
A Rosemont International company



New dual use initiative, combining private and commercial use of yachts without falling foul of existing Flag, Customs and Port State regulations.

dual



PREMISES OF THE YET INITIATIVE



PREMISES OF THE YET INITIATIVE...



When & Who: 2 years ago, RMI, WES (French and Monaco based Customs Broker) and Rosemont Yacht Services.

What: start discussing to try to find a suitable dual use solution for navigating in EU waters.

Why: RMI, WES and RYS were continually receiving enquiries from existing owners no longer willing to operate their yacht on full commercial basis who were seeking a solution which will permit them to use the yacht on a private basis, whilst offering them the possibility to charter the yacht out to third parties a few days per year to minimise their annual running costs.



Solution:

- Put an end to the current yacht owners cruising in the Med « dilemma » (Either use their yacht on purely private basis without the possibility to charter their yacht to third parties / or charter their yacht to third parties without being able to extensively use their yacht and with the obligation to pay VAT even on their own charters;
- Develop a dual-use operation program approved by PSC and in line with EU VAT regulations.



...PREMISES OF THE YET INITIATIVE...

How:

- RMI already had within their code a section dedicated to « Private Yachts Limited Charter » BUT program available only for navigation outside of EU waters.
- RYS had already successfully approached French and Italian Customs in the past for the placement of offshore owned and registered yachts that were to come in EU waters to be promoted for sale. Yachts were placed under TA guaranteed for commercial activity and a bond put in place with the French Regional Tax office.
- RMI approached PSC Authorities / RYS with the assistance of WES approached French Customs.



...PREMISES OF THE YET INITIATIVE



OUTCOME:

After two years of « hard work », the new YET program was finally officially approved by PSC and French Customs and launched during the Monaco Yacht Show in September 2015.



WHAT IS A YET?



WHAT IS A YET?



- A YET is a private yacht permitted to engage in charter activities for up to 84 days / year;
- A YET is a yacht which complies on voluntary basis with all relevant regulations and requirements that apply to commercial yachts (including ISM, ISPS and MLC);
- A YET is a yacht that has undergone a Voluntary Compliance Verification to the standards of the RMI Maritime Regulations and Yacht Code by an Authorised Representative (AR) of the RMI;
- A YET is a yacht built to class or classed if over 500GT.



The RMI code and below documents related to YET registered yachts can be found on RMI's web site: www.register-iri.com

MG-1-11-2, Yacht Engaged in Trade (Marine Guideline)

MI-103, Yacht Code (revised as of 10/15)

MI-103A, RMI Yacht Compliance Requirements (revised as of 10/15)

MI-108, Maritime Regulations (revised as of 10/15 to reflect changes in Yacht Code (MI-103))

WHICH YACHTS CAN BE REGISTERED AS YETs?





WHICH YACHTS CAN BE REGISTERED AS YETs?

- Non EU owned yachts (having non EU resident Ultimate Beneficial Owners) under Temporary Admission (TA) ;

OR

- EU or non EU owned yachts which are VAT paid.



YET program is not valid for all Yachts and all owners!

HOW CAN A YET BE CHARTERED?



HOW PRIVATE YACHTS UNDER TEMPORARY ADMISSION CAN CHARTER?

- The yacht should be placed under Temporary Admission (TA) for 18 months, immediately upon its arrival in EU waters & when the UBO wants to charter his yacht out to third parties, the following must be undertaken:
- The yacht will need to be placed under TA for commercial activity (The UBO could decide to place the yacht under this “commercial bubble” for a specific period during which the yacht will be promoted for charter, or each time there is a charter. There will be a formality to enter and to exit from this specific regime);
- The RMI Registry will need to issue a Temporary YET certificate for the duration of the charter or commercial promotion period;
- An Import Declaration should be filled with the Customs;
- No need to put in place any bank guaranty or guarantee deposit;
- A Charter Broker and Fiscal Representative must be appointed;
- VAT paid on charters.
- No private use will be allowed while the yacht is placed under the “commercial bubble”.
- The placement of the yacht under this specific regime will suspend the 18 months clock.
- Same as during the placement of the yacht under inward processing relief regime to have works done in exemption of VAT.

HOW VAT PAID YACHTS CAN CHARTER?



Same as for yachts under TA.

BUT the below requirements will not be applicable though to VAT paid yachts:

- No need to place the yacht under TA guaranteed for commercial activity;
- No need to fill an Import Declaration with the Customs.

It should be noted that:



- VAT paid yachts will be considered as yachts put into free circulation in the EU market and could not therefore benefit from the exemption of VAT available on works for offshore owned and registered yacht (inward processing relief regime);
- No private use will be allowed during the period of validity of the Temporary YET certificate.

YET LEGAL BASIS





The program for the placement of the yachts under TA for commercial activity is based on articles 553 to 562 of the implementing provisions of the Customs Code (Commission Regulation (EEC) No 2454/93 of 2 July 1993) which govern Temporary Admission and more precisely art 558 & 1 c, 562 b and art 581 & 1

and not on French national regulations!

YET ADVANTAGES



YET AND ADVANTAGES?



- Today RMI is the only flag promoting dual use that has been validated by Port State Control Authorities (Paris MOU) for temporary commercial operation;
- Flexibility of use: private use without losing the option to charter the yacht on occasional basis (up to 84 days/year) to offset the annual running costs (no more “yacht owners Med dilemma”);
- No risk of requalification in case of extensive private use in comparison to commercial registration;
- No need for owners to sign a charter agreement paid at commercial market rates each time they want to charter their yacht;
- No need to pay VAT on owners use;
- No need to leave EU waters and touch a third country port to allow change of use of the yacht and system not plagued with Tax, VAT issues in comparison to the “switching regimes”;
- Exemption of VAT available on works for non VAT paid yachts (inward processing relief regime).



YET LIMITATIONS





YET AND LIMITATIONS?

- No VAT exemptions though on supplies and fuel (exemptions on duties could be obtained on request TBC);
- RMI YET program only available in France and Monaco for the time being **BUT** it is based on EU regulations and EU Customs Documentation which should be accepted in all EU countries **AND** RYS, RMI and WES are working to have it formally extended to other EU countries.



YET WHAT'S NEXT?



WHAT IS WRONG?

- The program is based on EU regulations and not local regulations;
- EU Customs Documentation (IM A Import certificate) will be issued by French Customs when placing the yachts under TA for commercial activity;
- VAT on the hull, supplies and on charters will be in line with EU Customs regulations:
 1. Yachts will be either under TA for commercial activity or VAT paid;
 2. Fiscal Representative(s) will be appointed and VAT number(s) obtained before yachts are to charter;
 3. VAT will be paid on all charters;
 4. VAT will be paid on supplies, fuel...
- Yacht will comply with all commercial standards and regulations including (ISM, ISPS and MLC);
- Program is also approved by Port State Control (Paris MOU) headquarters from a technical angle.

NEXT STEP: EXTENSION OF THE PROGRAM TO OTHER EU COUNTRIES...ITALY BEING THE FIRST TARGET



At this stage the questions we are facing to extend the program in Italy are as follows:

1. Will Italy accept yachts registered under YET that have started their charters in France and paid VAT on charters in France to charter in Italian waters while they will be placed by the French Customs under TA for commercial activity on the basis of an IM A form ? **We think the answer to be YES.**
2. Will Italy accept yachts registered under YET to start charters in Italian waters if they appoint an Italian fiscal representative for the collection and payment of the Italian VAT based on the IMA form delivered by the French Customs for the placement of the yacht under TA for commercial activity? **Possibly YES.**
3. Will Italy accept to place the yachts based in Italy or which start chartering in Italy directly under TA for commercial activity from Italy and on the basis of an IM A form delivered by the Italian Customs? **Will be challenging and possible answer is no.**



**We are currently working to obtain formal replies on the above queries.
We will keep you updated...**

CONCLUSION

RYS strongly believe that dual use is the future and definitively a third way to operate yachts...

The future will tell us whether RMI opened a new path for yachts and whether this new path will be followed by many other flags.

THANK YOU FOR YOUR ATTENTION.

Rosemont Yacht Services :
Yacht ownership, registration and administration experts

“Do not be afraid
to try new
things!”

Anonymous
Sunday - Sep 16, 2012(8:47 am)



Janet Xanthopoulos
Legal Adviser
Yacht Ownership & Administration Dpt Manager

Rosemont Yacht Services

Les Villas del Sole
47-49, boulevard d'Italie
Monaco

Tel. +377 97 97 21 41
Fax. +377 97 97 21 51
email: j.xanthopoulos@rosemont-yacht.com
Web site: www.rosemont-yacht.com



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