



## TALKING TAX IN BRUSSELS... more fun than it sounds!

Brussels may not sound like an obvious place to run a superyacht or business jet conference. Renowned for its chocolates, moules-frites, the *Manneken Pis* – or the Pissing Infant statue - modern-day Brussels is most famous for being the unofficial capital of the EU. Brussels is home to the European Parliament, the European Commission, the European Council and the Council of Ministers. The headquarters of NATO are also located in Belgium's capital and, should you need more convincing, British actress Audrey Hepburn was born there.

Against this illustrious backdrop, Quaynote ran the inaugural “**Understanding Superyacht & Business Jet Tax**”, a one-day conference at the Doubletree by Hilton Hotel, that drew attendees together from France, Spain, Portugal, Isle of Man, Malta, Greece, Monaco, Croatia and Belgium itself. While the location contrasted with other destinations that typically attract the superyacht or business jet crowds, Brussels proved to be easily accessible for an audience that travelled from various corners of Europe.

Opening up “*Understanding Superyacht & Business Jet Tax*”, **Alex Chumillas of Tax Marine**, co-chair, sponsor and originator of the conference, introduced the driving force behind its conception. “We have partnered with Quaynote to provide a platform for the VAT Think Tank project,” he explained. “This initiative creates a permanent group of VAT and customs experts who are specifically focused on the superyacht and business jet industries.” Alex feels that the creation of this

group is long overdue and urges anyone with an interest in the topics it covers to join the Think Tank. “We want to create a laboratory of ideas, where we can review the law and tax rulings,” he adds. *“The group is aimed at practitioners but also other stakeholders who are not directly involved in the tax business.”*

Joining Alex as co-chair and Silver Sponsor, **Jean-Philippe Maslin of Richemont Delviso** points out the benefits to Think Tank members of working together rather than individually. *“This is not a special interest group, but we want a platform for providing the best interpretation from the authorities,”* he observes. *“As a professional group of experts, we are also more likely to get answers from the authorities.”*

With the superyacht and business jet industries sometimes having a bad reputation, it is important to portray the other perspective, that of the economic irrigation that our industries provide to countries which serve as cruising destinations or yacht hubs, such as France, Italy and so on.

*“The objective is to share knowledge, foster engagement and build a community, via workshops at international events and shows,”* emphasises Jean-Philippe. *“We need to be more closely aligned, to share information rather than to focus purely on promoting our own personal businesses.”*

The question of whether, from a taxation perspective, it is better to operate a yacht or jet as a commercial, private or corporate entity was a key theme of the conference, with **Nic Arnold of JTC Private Office** steering a panel discussion on this very topic.

Joining Nic’s panel, **Andrew Wilson, Director – Head of Aviation and Marine at Zedra** puts it simply. *“Not many clients use their jet privately,”* he states. The situation is more complex for superyachts, but it can help to divide owners into two groups. *“There are those existing Owners that have their yacht and are looking to change how they operate and then there are the new owners.”* It’s this latter group of first-time yacht Owners, says Andrew, *“who need handholding.”*

**Janet Xanthopoulos, Director, Head of Yacht and Aviation Department at Rosemont Yacht Services** emphasises the importance of spending time with clients, especially when they are new to the industry, to really understand who will use the yacht, how, with whom, from where, for how much time, as if you change a small parameter to the equation the whole advice changes. Commercial operation presents some great advantages, yes, but there are some rules to respect. Dual use can be an option too but again not for all.

**Jennifer Timinis, Director at Sea Greece** elaborates. *"I want to know how my clients are going to use the boat,"* she explains. *"Mostly Owners prefer to operate the yacht commercially, so they can have VAT exemption. But often they also want to use the yacht themselves between May and September, so this is not going to work."* She stresses that there is no one size that fits all clients and that it is important to obtain local advice. When weighing up the Private versus Commercial question, *"we do often have a scenario where there are so many options, that we just go around in circles,"* she observes.

**Stephan Piazza, Head of Legal & Transport (Shipping, Aviation & Space Industry), at Zampa Debbatista** has noted a raft of changes over the last few years. *"Malta had to adapt itself to new rules from EU as well as new requirements from jurisprudence,"* he comments. Stephan is keen to point out that "yachting is an important segment of the economy. It needs to be viewed that way and not as a niche market."

As a useful tool for both aircraft and superyachts, Temporary Admission (TA) enjoyed a whole session dedicated to unpacking its time limits, extensions and formalities, as well as putting YET, Oral Declarations, IPR and dual use under the microscope.

Malta-based lawyer, **Katrina Abela, Founder of Vaia Legal** emphasises that *"TA is mainly used for private use and it is crucial that company, registration and owners be non EU residents. While yachts can use TA for 18 months, aircraft can only take advantage of Temporary Admission for just for 6 months"*. She adds that, *"in actual fact TA for aircraft in Malta is rare."*

The panel stressed the need to not just understand clients` residency, but to be aware of family members` residencies too and to ascertain what other countries they have interests in. **Janet Xanthopoulos** and **Geraldine Veran of H&V Yachting** told several stories where owners pretending being non EU residents have been caught following Customs investigations either due to flight reservations checks, invoices found on board in the name of the owners for their kids in Monaco, new car plates or French kids birth certificates for instance.

Geraldine advised attendees using TA to *"Brief your captain,"* they should only answer questions but no more when Customs come onboard." She points out the pitfall of having personal documents on board a yacht that should not be there and ended up by comparing the several options available for doing some works and refits in France, Spain and Italy.

In a later panel focused on Comparing EU and non-EU jurisdictions, the moderator **Geraldine Spiteri, Director & Advocate at Acumum** asks *"What should we be telling the client?"* She refers to the Baccino case, where the London court case ruled that the UK's decision to freeze an unsanctioned Russian tycoon's £38 million (\$49 million) superyacht was legal. *"There`s been a bit of a re-education for our clients, post-Baccino,"* comments Geraldine.

The panel considered the challenges of the Advanced Provisioning Allowance and dealing with VAT levied on supplies. *“Our job is not to get involved in the selection of preferred suppliers, but to emphasise the importance of owning companies being diligent in their supplier choices so as to ensure a smooth and timely VAT submission,”* commented **Frederic Dormeuil, CEO at SOS Yachting**. For **Matthew Zampa, Co-founder at Zampa Debattista**, it is important to know who is bearing the cost of expenses. *“If the operator, then he must receive the invoice for those expenses. If it is the customer who is bearing the costs and receiving the supplies himself, then a lot depends on the relationship between the operator and the customer,”* says Matthew. **Alasdair Milroy, Founder at BTM Accounting** underlines the importance of good record-keeping for VAT purposes. *“When it comes down to fuel and other supplies it is all a question of having the receipts in place,”* he states.

We ended on a philosophical note, with **Christabel Spiteri from Zampa Debattista**, addressing the question ‘What is a VAT paid status?’ *“It is actually not defined in EU VAT legislation!”*. She adds *“In practice, such status implies that VAT has been paid without any possibility for it to be refunded”*. In her presentation Christabel explains the reasons why having such status may be important and how the VAT paid status may be achieved and subsequently, preserved over time.

It’s clear from our day in Brussels that VAT is not going away. To be part of the conversation at next year’s conference, then please let us have your details and we’ll keep you posted: [lorna@quaynote.ca](mailto:lorna@quaynote.ca) or [alison@quaynote.com](mailto:alison@quaynote.com)

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