

Current law demands that EU residents should only use a boat within the EU if it is VAT paid or 'deemed' paid. Customs state that documentary evidence in support of the boat's VAT status should be carried with you at all times.

#### **VAT PAID STATUS:**

Documentary evidence in support of the VAT status might include:

- an original/copy invoice or receipt;
- evidence that VAT was paid at importation; and/or
- invoices for materials used in the construction of a 'home build' boat.

The rules state that original documentation must be carried on board at all times, however, this creates practical problems; paper and water do not make for a great combination, especially over a long period of time. We suggest possible solutions would be to have certified copies taken and have them laminated. Keep these on your boat at all times, keeping the originals safely at home, enabling you to produce the originals when and if required. You may still find officials asking for original documentation and we are currently discussing this specific issue with government officials to find a practical solution.

#### **VAT DEEMED PAID STATUS:**

Under the Single Market transitional arrangements certain boats in use as private pleasure craft are 'deemed' VAT paid under the ***Age Related Relief Scheme***. However, in order to avail yourself of this scheme, the following must be evidenced:

**That the boat was in use as a pleasure craft on 1<sup>st</sup> January 1985**, documentary evidence in support of this is required, evidence in support may take the form of:

- Part I Registration;
- Marine Survey;
- Builder's Certificate; or
- Insurance documents.

#### **AND**

**That the boat was moored in the EU on 31<sup>st</sup> December 1992**, again documentary evidence in support of this is required in the form of:

- receipt for mooring;
- dry dock records;
- boatyard repair invoice; or
- receipt for harbour dues.

As Austria, Finland and Sweden joined the Single Market two years later, the relevant dates are – ‘in use’ before 1<sup>st</sup> January 1987 **AND** ‘moored’ in the EU on 31<sup>st</sup> December 1994.

### **EU ACCESSION COUNTRIES:**

Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia joined the EU on 1<sup>st</sup> May 2004. However, there were no transitional arrangements in place to cover ‘deemed VAT paid status’ for vessels from these accession countries.

Similarly there were no transitional arrangements for Bulgaria and Romania to cover ‘deemed VAT paid status’. The Custom Authorities of the accession countries would have been responsible for regularising the VAT status of vessels in their country.

### **THE ACCESSION OF CROATIA IN 2013**

Croatia joined the EU on 1<sup>st</sup> July 2013. The indication we were given by the Croatian authorities prior to its accession was that they would consider any vessel that had been outside of the EU (i.e. in Croatia) to have lost its VAT paid status (known as Community Goods in Croatia). There has been no indication since accession that this is being strictly enforced.

A transitional rate of 5% was offered from 1<sup>st</sup> January to 31<sup>st</sup> May 2013 for vessels in order to become VAT paid in Croatia and therefore to be considered VAT paid throughout the EU following accession.

We believe that vessels over 8 years old lying in Croatia on 1<sup>st</sup> July 2013 were to be considered Deemed VAT Paid presumably under Age Related Relief. However, despite several attempts to obtain confirmation from the Croatia authorities this has not yet been verified.

The rules within EU member states may differ slightly and we strongly advise you to contact the relevant EU member state for detailed guidance.

### **FURTHER INFORMATION / CONTACTS:**

For further information, please refer to **Notice 8 Sailing your pleasure craft to and from the United Kingdom** from HM Revenue & Customs. This notice explains the Customs requirements for private individuals who sail their pleasure craft to and from the United Kingdom.

HM Revenue & Customs website: [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

National Advice Service Tel: 0300 200 3700

National Yacht Line Tel: 0845 723 1110

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