



VAT on Yachts | LA Marine Brexit Bulletin

What has changed since 31 December 2020?

Buying a new boat in the UK for use in the UK – No change. VAT must be paid at 20% on all new pleasure craft purchased in the UK by UK residents where the yacht is going to be kept in the UK.

A UK resident buying a new boat from a UK dealer for export – A UK resident buyer can purchase a vessel for export VAT free provided that the supplier arranges the export to a destination outside the UK and delivers the yacht to the purchaser there. If the vessel is being exported to the EU the vessel will be permitted to be imported into the EU under the Temporary Admission (TA) provisions but may only remain in EU waters for 18 months and may not be sold or chartered while in the EU on a TA basis.

Taking a yacht on which VAT has been paid in the UK into EU waters – The yacht will now be entitled to enter EU waters under the TA provisions (see above) provided that the owner and the person taking it into EU waters are UK residents (a UK owner/user could engage a professional skipper to take the yacht in provided that the owner user was on board at the time).

A UK resident buying a used boat in the EU – If a UK resident buys a second-hand boat on which VAT has been paid in the EU (other than the UK) and that boat was in free circulation in the EU on 31 December 2020, the boat will retain its VAT free circulation status while it remains in EU waters. See below, however, in respect of position should the buyer seek to bring it back to the UK.

Bringing a yacht into the UK when VAT has been paid in the EU – If the yacht is owned and being imported by a UK resident VAT will have to be paid in the UK on the vessel's value at the time of importation. This applies even where VAT has previously be paid elsewhere in the EU.

If the yacht is owned and being used by an EU resident the yacht may enter UK waters under TA and may remain here for up to 18 months without additional VAT having to be paid.

Bringing a yacht on which VAT has been paid in the UK back to the UK – No change – the yacht can be returned to the UK without VAT having to be paid again provided that VAT was previously paid on the yacht in the UK, it is returned within 3 years of the date of export by the same person who exported it (no change of ownership has occurred whilst it has been out of UK waters) and it has undergone no more than running repairs whilst outside the UK.

Non-UK resident buying a new boat from a UK dealer for export – A non-UK resident buyer can purchase VAT free provided that the vessel is sailed out of the UK under its own power within 6 months of delivery from the manufacturer (“Sailaway”). If the yacht will be kept in the EU the purchaser will need to pay VAT in the country concerned if he/she is a EU resident.

If you have any further questions please contact our specialist [marine solicitors](#) by emailing online.enquiries@la-law.com or by calling 0344 967 0793