

## THE BIG QUESTION

# Do I have to pay VAT to sail in EU and UK ?

**Q** On a non-VAT paid boat built and bought outside the UK or EU, can it be sailed in EU and/or non-EU countries without paying VAT? (If we are UK residents.)

If we reside outside the UK for 12 months or longer, can we return to the UK with the boat under transfer of residence without having to pay UK VAT? **Tom Carlisle**

**A** **Robin Baron, chair of the Cruising Association's Regulations and Technical Services group (RATS) responds:**

The answer to Tom's first question is Yes. He should be able to use the EU Temporary Admission Scheme.

The main features of the EU Temporary Admission scheme are:

(a) The vessel must not be located in the EU for more than 18 months. However, the 18-month limit can be extended if the vessel is laid up and not used with an overall maximum period during which the vessel can remain in the EU for 24 months. In some countries (e.g. France) the 6-month lay-up extension does not appear to be available.

(b) The vessel must only be used for private purposes. Any commercial usage of the vessel, such as chartering the vessel, taking fee-paying crew or running the vessel for chargeable sail-training is not allowed.

(c) The vessel must be owned by a non-EU resident. The rule here applies to residency. Following Brexit, EU citizens that live in the UK would be able to take advantage of this rule if they qualify as UK residents but UK citizens that live in



the EU are not entitled to use the scheme. People who utilise some form of national residency scheme in one of the EU countries post-Brexit to extend the 90 days in every 180 days' Schengen visa limit will need to take care that, in so doing, they do not become resident if they also want to take advantage of Temporary Admission. The EU Temporary Admission 'clock' can be reset by



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locating the vessel outside the EU; it then becomes eligible for another period of Temporary Admission.

There is no minimum period applicable to the period outside the EU. In practice, it is well established by non-EU vessels that simply spending a day or two in a non-EU port and obtaining documentary evidence (such as marina receipts) is sufficient.

There are indications that some EU27 states will accept evidence that the yacht has sailed outside EU territorial waters (e.g. through AIS tracks) but such evidence may not be accepted by all such states.

In answer to Tom's second question he should be able to claim Transfer of Residence relief (which applies to pleasure craft)

provided all the following conditions are met: he's been resident outside the UK for at least 12 consecutive months, prior to the date of moving to Great Britain or Northern Ireland; he's importing the goods within 12 months of coming to live in the UK; he intends to use the goods in the UK for the same purpose they were used for prior to moving. [www.gov.uk/guidance/transfer-of-residence-to-great-britain](http://www.gov.uk/guidance/transfer-of-residence-to-great-britain)