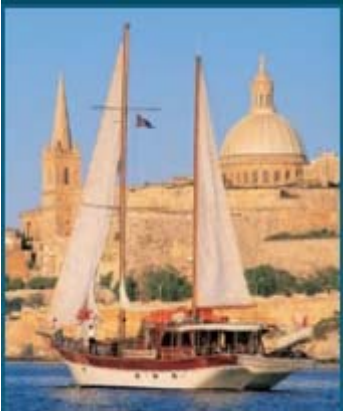


Malta – A prime yachting destination in the Hub of the Mediterranean

About Malta



Malta, officially the **Republic of Malta**, is a small and densely populated island nation comprising an archipelago of seven islands in the Mediterranean Sea. A country of Southern Europe, Malta lies south of Sicily, east of Tunisia, and north of Libya. The country's official languages are Maltese and English. Roman Catholicism is the most practised religion. The islands constituting the Maltese nation have been ruled by various powers and fought over for centuries. Malta has been a member state of the European Union (EU) since 2004 and it is currently the smallest EU country both in population and in area.

Malta as a Flag of Convenience

Malta has a centuries old Maritime tradition. The strategic location of the Maltese Islands at heart of the Mediterranean Sea, its natural harbours, and the entrepreneurial and maritime skills of its people have, since time immemorial, conspired with its history and millennial culture to transform this European sovereign state into an international maritime service centre.

From its position astride one of the major arteries of shipping, Malta offers a whole range of international maritime services



and facilities: deep natural harbours and well equipped ports which offer a haven for

international shipping, extensive bunkering, ship supplies and towage services, ship building and ship repair yards which can take the largest ships afloat, modern facilities for transshipment and distribution, including a very successful Freeport and oil terminal, high level training for both deck and engineering officers at a very well respected nautical school, a hub for cruise liners, international yacht marinas backed by efficient repair and shore support services and of course, an international ship register which is now long established as one of the largest in the world.

Malta and Value Added Tax Structures for Yacht Acquisition

Late in 2005, the Malta VAT department has issued new guidelines on the sale-by leaseback of yachts and the related VAT implications. With careful planning the statutory VAT rate in Malta of 18% may be reduced to as little as 6.12%. This would allow a yacht achieving a VAT paid status by paying a low effective tax rate and travel freely within EU territorial waters.



Under Maltese VAT law, the actual leasing of yachts is taxed at the general VAT rate of 18% since it is deemed to be a supply of services in Malta. However, the VAT department guidelines have determined that VAT is only payable on that portion of the lease during which the yacht is in EU territorial waters. Since this is hard to ascertain in practice, these guidelines have issued a “presumed” length of stay during which the yacht is presumed to have been in EU waters, and the VAT rates are prescribed as follows:

Type Of Craft	% of Lease Subject to VAT	Effective VAT Rate
Sailing boats or motor boats over 24 metres in length	30%	6.12%
Sailing boats between 20.01 to 24 metres in length	40%	8.1%
Motor boats between 16.01 to 24 metres in length	40%	8.1%
Sailing boats between 10.01 to 20 metres in length	50%	9.0%
Motor boats between 12.01 to 16 metres in length	50%	9.0%
Sailing boats up to 10 metres in length	60%	10.08%
Motor boats between 7.51 to 12 metres in length (if registered in the commercial register)	60%	12.06%

For more information on the above kindly contact:

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