



Increasingly RYA members consider the purchase of vessels overseas. Whilst exchange rates may point in favour of purchasing overseas, it is important to consider the additional costs associated with importation, namely importation duty, VAT and Recreational Craft Directive (RCD) compliance. This leaflet therefore aims to provide some general guidance on the procedure relating to importation, VAT and the RCD for imported vessels.

TEMPORARY IMPORTATION:

Temporary importation is only available to non-EU residents; if you are usually resident in the UK (or another EU member state) you will not qualify for temporary importation, which means that you will have to pay VAT and, possibly, importation duty upon the vessel's arrival into UK/EU waters.

VAT:

When a vessel is imported into the UK from a place outside the EU, and the importer is not eligible for a relief of charges, import VAT must be paid by the person or business importing the vessel. This includes cases where the vessel is imported by rail, cargo ship or trailer.

UK VAT will be levied at 15%¹ on the 'current' value of the vessel. This is normally the total amount paid for the vessel, including any non-monetary consideration. If the importer and HMRC cannot agree a value on which customs duty and VAT should be levied, an independent valuation by a yacht broker can be obtained. The importer is responsible for all professional fees or charges connected with the provision of the valuation. EU Council Regulation 2913/92 specifies the basis for valuations. These are summarised in HMRC Notice 252 'Valuation of imported goods for customs purposes, VAT and trade statistics'.

An individual cannot choose where VAT is paid, as there are EU laws that determine where and when the tax is due. HMRC can only assess the VAT due on a vessel being imported into the EU through the UK once the vessel actually arrives in UK waters.

¹ This is based on the current rate of VAT as at December 2008 and may be subject to change.

Top Tip: Proof that VAT was paid must be retained to ensure that the VAT paid status of the vessel can, if necessary, be proved; in the case of an import this will be the import documentation showing payment of import VAT and any customs duty.

IMPORTATION:

Importation duty at the rate of 1.7%² is payable on vessels defined as not 'sea going'. A vessel is defined as such if its length is less than 12 metres.

Sea going vessels are not subject to import duty. A vessel is defined as 'sea going' if its length exceeds 12 meters.

Import duty is not payable on vessels imported from the Channel Islands into the UK, regardless of the length of the vessel, due the 'special' status that the Channel Islands have as part of the Customs Territory but not part of the VAT territory. This 'special' status applies to Martinique and other Caribbean Territories.

Further information and HMRC Notices can be downloaded from the HMRC website. www.hmrc.gov.uk

RECREATIONAL CRAFT DIRECTIVE:

The RCD came into effect on 16th June 1998 with the objective of ensuring the operation of a single European market in recreational craft. The RCD is essentially a requirement for safety standards.

The regulations apply to all recreational craft between 2.5 and 24 metres in hull length whatever the means of propulsion. They may be fully built or partly completed; constructed within, or imported from without the EEA.

If the vessel was built outside of the EEA and was not 'put into service' within the EEA prior to 16th June 1998, she will not comply with the RCD. You will therefore have to commission a post-construction assessment RCD survey when importing the vessel into the EEA³.

² This is based on the current rate of duty as at 2008 and may be subject to change.

³ The EEA includes all EU countries plus Iceland, Leichtenstein and Norway. A list of EEA countries can be obtained from the RYA Technical Department.

The builder, importer or owner, or the person putting the craft into EEA service, (the responsible person) has a legal obligation to ensure that the craft meets the relevant requirements and to carry out the appropriate CE marking

It may well be that the standard to which she is built does comply with some or indeed all (although this is unlikely) of the RCD standards. Our Technical Department can help you further with RCD enquiries and indeed can arrange a surveyor to carry out a post-construction assessment.

CONTACTS:

Contact Tricia Grady, Technical Standards Co-ordinator, Technical Department, Tel: 0845 345 0383 or email tricia.grady@rya.org.uk

HM Revenue & Customs

Website: www.hmrc.gov.uk

National Advice Service: 0845 010 9000

For more information kindly contact the RYA Legal Department on 0845 345 0373 legal@rya.org.uk

Disclaimer:

The RYA Legal Department provides generic legal advice for its members, affiliated clubs and RTCs. This leaflet represents the RYA's interpretation of the law. It takes all reasonable care to ensure that the information contained in this leaflet is accurate. The RYA cannot accept responsibility for any errors or omissions contained in this leaflet, or for any loss caused or sustained by any person relying on it. Before taking any specific action based on the advice in this leaflet, members are advised to check the up to date position and take appropriate professional advice.

mep[Leaflets/Importing a vessel into the UK]