



# The Italian Commercial Exemption (ICE): what do we know?

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# VAT exemption

To benefit from VAT exemption, yachts must comply with EU regulations governing commercial operations.

- supply of goods (fuel and provisioning)
- sale of equipment, components and spare parts;
- refit works, repair and maintenance works

## Italy: Resolution 2/E

Article 148(a) of the Sixth Directive

... *“vessels to be used for navigation on the high seas”*...

How to prove "effective" cruising on the "high seas" i.e. waters beyond 12 nautical miles from the coastline

## Italy: Resolution 2/E

- At least 70% of the total number of "voyages" in any one calendar year must be on the high seas
- Exemptions granted by assessing the navigation itineraries of the previous year
- The resolution comes into effect immediately
- Commercial vessels wishing to be exempt in 2017 will be judged on 2016

## What we don't know - yet

- Will the 70% be calculated on the number of voyages (as in the case of the French system), or on the hours of cruising? Or?
- What documents provide "official proof" of compliance with the 70% rule?
- What must owning companies provide Italian vendors to prove eligibility for exemption?

## Duty-free fuel in Italy

All compliant commercial yachts can take on VAT and excise duty exempt fuel.

Yachts must:

- be equipped with a fuel book, called *Libretto di Controllo*,
- comply with bunkering administrative regulations

# If I have not chartered before, do I qualify for the exemption in Italy?

Qualify “by anticipation” (automatic VAT exemption on the assumption that you will comply in 2017).

If you do comply, you will be VAT exempt in 2018.

Failure to comply:

- Payment of VAT on supplies and services purchased duty- free in Italy in 2017
- No exemption in 2018

# What happens if I don't meet the 70% rule?

Yachts that do not comply with the ICE can charter

- Cannot purchase VAT exempt supplies
- Operate as 'any other business'
  - Pay VAT on the supplies or services you buy
  - Charge VAT on the supplies or services you sell
  - File a VAT return



# Do I have to qualify for the FCE and ICE?

Its up to you and depends on where you intend to purchase the bulk of supplies and services (including fuel, refit work, etc.)

# Thank you

