

More Taxing Times in the Med?

IF MEN AND WOMEN who've been scratching their heads trying to figure if they're liable to be whacked for the "Means of Transport Tax," known as the matriculation tax, this summer saw Spanish customs catching folk unaware and levying a pretty little 12 percent of the value of their yacht. Yachts over eight meters registered in Spain are subject to the tax. Yachts under eight meters must have their boat registered under the Spanish flag, and if a non-resident uses a boat in Spain, the boat must have Spanish registration, whether the user is the owner or not. For example, if a yacht is transferred to a Spanish resident in Spain, the yacht is liable for the tax. A resident is defined as anyone who lives in Spain for more than 183 days a year, or anyone who has any business that has an office or develops business in the country, established by the individual or company, not the yacht. The fact that a yacht spends more than 183 days a year in Spanish waters is not proof in itself that the owner is a Spanish resident; a non-Spanish owner can have his boat in Spain as he likes, as long as he can prove his residency outside Spain. According to Alex Amat from industry legal and tax solution experts Iurisma in Barcelona, the recent swath of clampdowns by customs officials has a lot

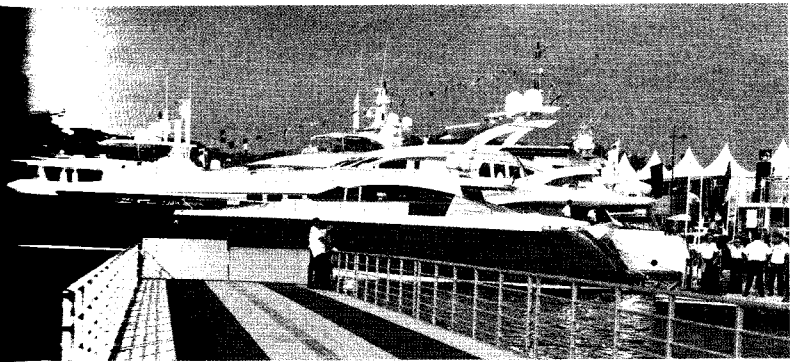
to do with the authorities looking to sniff out those living in the country more than 183 days a year who do not declare their residency.

Amat maintains that yacht owners wishing to move to Spain can avoid the matriculation tax exemption certificate by registering their vessel with Spanish authorities 30 days after becoming a resident and proving relevant taxes on the yacht in their previous country of residence. In this case, the yacht must have been in that country at least 12 months prior to Spanish residency and it cannot be sold for 12 months after the move to Spain.

Many claim the tax is unconstitutional and that it's not recognized by international law, asserting that it's nothing more than a disguised "luxury tax" like the recently lifted in Sardinia. "Many Spanish associations from the maritime industry are trying to fight the matriculation tax, but for the moment the government is about to increase the VAT rate, and they don't seem ready to change their minds," Amat says.

Yachting associations in Europe are preparing for battle and are ready to petition the European Parliament to have the law overturned if Spanish authorities refuse to play ball and drop the tax. They hope to convince Spanish authorities that by lifting the tax and encouraging yachting activity, they will enhance government revenue by millions. If the law is overturned, Spain retroactively could owe money to the people who were affected during its enforcement.

Cannes Show: Dressed to the Nines!



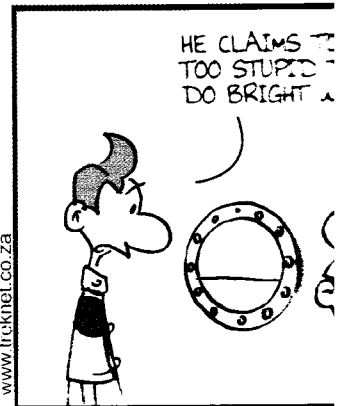
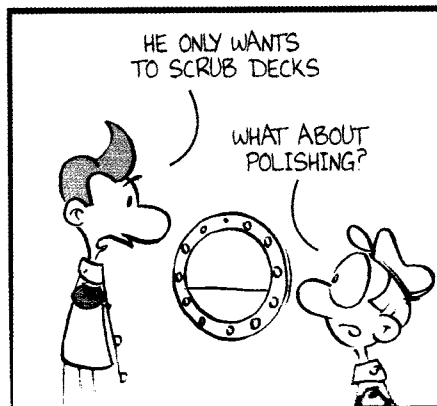
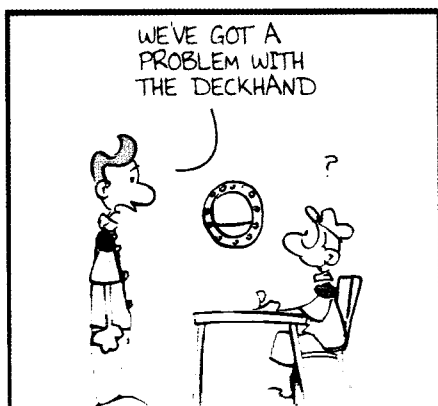
THE MILLENNIUM date marked the opening of this year's Cannes Yachting Festival. The ninth day of the ninth month of the ninth year of 2000, which is a lucky number, appeared lucky. Calm and sunny conditions prevailed for the show, and it was hard to imagine recessionary times with all in-water and on-land centre-side spots occupied, including those in Port Pierre Canto opposite the main hall contained exhibitors. The absence of brokerage houses were notable by their absence, as was the lack of yachts over 45 meters, although this could be attributed to the imminent start of the season scheduled only nine days away. Crowds were visibly less, but then

again, general professional opinion held that this indicated greater serious

This sentiment was echoed in the sailboat section, where lines of people inspected a wide selection of vessels, particularly in the 37- to 45-foot cruiser category. Increasingly large catamarans (there were a couple of 80-footers on display) and sail, were a great attraction. Sunreef, which threw a cocktail bash for the occasion, announced its intention to build a 150-footer although, with the inevitable increase in beam, finding a parking space could prove difficult.

New marina projects attracted considerable interest, especially in Bizerte (Tunisia), the latter being a tax-free zone. Hybrid power is now available on boats, with a company called "e-boats" offering a Riva-style 24-foot twin screw electric and diesel Z-drive propulsion, of course without the need for braking! Navionics announced its "Turbo View Inside" charting engine software + available on Simrad NSE, Lowrance HDS and Raymarine E-View. MTU's mighty V16 sported sleek talking-point "look-like" carbon fiber covers, which actually were covers, but still looked great.

Despite being near the end of season, morale among interviewed crew members was positive. One sailboat had just returned from an "absolutely great" circumnavigation, while another had an owner who enjoyed speaking privately with every crewmember each time he phoned to use his yacht. Altogether heartening signs at a most encouraging, recessionary show. — CAPT. PETER BOULTON



More Taxing Times in the Med?

MANY ARE THE MEN AND WOMEN who've been scratching their heads this year trying to figure if they're liable to be whacked for the Spanish "Special Means of Transport Tax," known as the matriculation tax. A surge of cases this summer saw Spanish customs catching folk unaware and demanding they cough up a pretty little 12 percent of the value of their yacht.

All private boats larger than eight meters registered in Spain are subject to the tax. And it's not an easy matter to avoid Spanish registration. Any yacht owner or company resident in Spain must have their boat registered under the Spanish flag. In addition, if any Spanish resident uses a boat in Spain, the boat must have Spanish registration, regardless of whether the user is the owner or not. For example, if a UK-registered yacht is chartered to a Spanish resident in Spain, the yacht is liable for the matriculation tax.

A Spanish resident is defined as anyone who lives in Spain for more than 183 days a year, or any business that has an office or develops business in the country. Residency is established by the individual or company, not the yacht. The fact that the yacht spends more than 183 days a year in Spanish waters is not proof in itself that the owner is a Spanish resident; a non-Spanish owner can have his boat in Spain as long as he likes, as long as he can prove his residency outside Spain.

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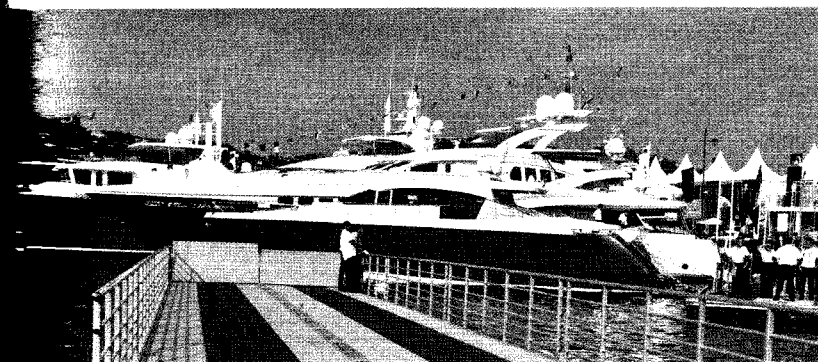
to do with the authorities looking to sniff out those living in the country more than 183 days a year who do not declare their residency.

Amat maintains that yacht owners wishing to move to Spain can obtain a matriculation tax exemption certificate by registering their vessel within 30 days after becoming a resident and proving relevant taxes on the yacht in their previous country of residence. In this case, the yacht must have been in the country at least 12 months prior to Spanish residency and it cannot be sold for 12 months after the move to Spain.

Many claim the tax is unconstitutional and that it's not recognized in EU law, asserting that it's nothing more than a disguised "luxury tax" recently lifted in Sardinia. "Many Spanish associations from the maritime industry are trying to fight the matriculation tax, but for the moment the government is about to increase the VAT rate, and they don't seem ready to change their minds," Amat says.

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Cannes Show: Dressed to the Nines!



THE NINE-IN-A-MILLENNIUM date marked the opening of this year's Cannes Yachting Show. The ninth day of the ninth month of the ninth year of 2000, which, like all appearances, appeared lucky. Calm and sunny conditions prevailed for the first six days and it was hard to imagine recessionary times with all in-water and ashore-side spots occupied, including those in Port Pierre Canto opposite the main hall. By contrast, only around one-third of the main hall contained exhibitors.

Several major brokerage houses were notable by their absence, as was the lack of yachts larger than 45 meters, although this could be attributed to the imminent start of the season event scheduled only nine days away. Crowds were visibly less, but then

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