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 ADMISSION:

Temporary admission 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 admission, 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 20% 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 usually only assess the VAT due on a vessel being imported into the EU through the UK once the vessel actually arrives in UK waters.

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 is payable on vessels imported from outside the EU at the rate of 1.7% is payable on vessels defined as not 'sea going'. A vessel is defined as such if its length is less than 12 metres. For a full list of Customs Tariff online go to https://www.gov.uk/trade-tariff

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1 This is based on the current rate of VAT and may be subject to change.
2 This is based on the current rate of duty and may be subject to change.
Sea going vessels are not subject to import duty. A vessel is defined as 'sea going' if its length exceeds 12 metres.

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.

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 Stuart Carruthers, Cruising Manager, Tel: 023 8060 4230 or email stuart.carruthers@rya.org.uk

HM Revenue & Customs  
Website: www.hmrc.gov.uk  
National Advice Service: 0300 200 3700

For more information kindly contact the RYA Legal Team on 023 8060 4223 or legal@rya.org.uk

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.
RYA Responsibility Statement:

The RYA Legal Team provides generic legal advice for RYA members, affiliated clubs, class associations and Recognised Training Centres. The information contained in this Guidance represents the RYA’s interpretation of the law as at the date of this edition. The RYA takes all reasonable care to ensure that the information contained in this Guidance is accurate and that any opinions, interpretations and guidance expressed have been carefully considered in the context in which they are expressed. However, before taking any action based on the contents of this Guidance, readers are advised to confirm the up to date position and to take appropriate professional advice specific to their individual circumstances.