IN THIS SECTION

- Government initiatives
- Impact of tax regimes
- Emerging countries

Inept taxes hurting southern Europe

A NUMBER OF POLITICALLY DRIVEN GOVERNMENT INITIATIVES ARE NOW HAVING A NEGATIVE IMPACT ON ITALY, GREECE AND TURKEY — TO THE BENEFIT OF NEIGHBOURING COMPETITORS

MICHAEL HOWORTH REPORTS

AN INTERESTING, BUT disappointing, trend has emerged recently among the yacht sectors in southern Europe. Detrimental tax regimes, and onerous bureaucracy instigated by national governments trying to grapple with the debt crisis, have begun to have a profound and negative impact on superyacht activity.

Ailing Italy

Italy has created a lot of uncertainty amongst its own superyacht sector by instigating a 'Berthing Tax' for all craft over 10m (33ft) that would have cost any yacht over 24m (80ft) at least €150 per day (€54,750 per year).

It formed part of an extensive tax regime aimed at reducing Italy's massive deficit, and has now been moderated thanks to strong lobbying by the marine industry.

This means that the Berthing Tax will now only affect Italian flagged vessels, with most non-Italian flagged vessels becoming exempt.

Unfortunately, the action has set in motion a cycle of business doubt that is harming its own superyacht sector, but benefiting other countries — notably France, Malta, Croatia, and Tunisia.

Turkey turmoil

Recent changes to Turkey's visa system are threatening to undermine its superyacht activity. Owners and crew are still permitted to remain in the country for up to 90 days, but now, at the end of that period, non-residents are not allowed to return for at least 90 days.

This means that a quick dash across to Greece and coming back a couple of days later is no longer possible.

The result has been that since February (when the law changed) up to 1,000 foreign yachts have left the country.

> "Detrimental tax regimes and onerous bureaucracy have begun to have a profound impact on superyacht activity"

Montenegro emerging

The financial case for going to Montenegro, as either a place to visit or use as a homeport, is becoming increasingly powerful.

Apart from its outstanding natural beauty, Montenegro has a clear financial incentive for those staying in the country — VAT capped at seven per cent on marine-related and tourist services.

There is also a maximum of nine per cent VAT on capital gains, income and company tax. Nearby Croatia also has an appealing tourist VAT regime of just 10 per cent.

France resurgent

With all the uncertainty in Italy, it looks as if France, which has been seen as less attractive than its neighbour in recent years, has returned to its prior popularity. Brokers in France have reported strong interest in berths over 30m (98ft).

The remaining nine years of a lease on a 40m (131ft) berth in Port de la Rage is selling for €3m, while €800,000 will buy one in Menton that expires in four years time.

Tunisia triumphant

Meanwhile, new marina developments in Tunisia mean that cruising opportunities along its North African coast have become more attractive.

Additional incentives include diesel fuel at €0.50 per litre, skilled labour at €2 an hour, and 80m (262ft) berths with a 30 year lease for sale at €3.2m inclusive of VAT (half the price of many European berths). SB