



## Value Added Tax

### *EBI Position Paper*

The nautical tourism sector is a key component of the European tourism landscape. It is a significant source of employment and value creation, including in parts of the EU that are less developed. This economic impact is strongly felt in coastal and peripheral regions, as well as along inland waters. The manufacture, operation and hosting of recreational craft, and associated services, supports high value and skilled employment. The sector is estimated to employ up to 234,000 employees. The nautical tourism sector is dominated by small and medium-sized enterprises (SMEs) at over 95% of all companies. There are around 6 million boats in European waters, with the majority being small boats.

This paper lays out the key issues regarding the regulatory and practical implementation of the EU VAT Directive 2006/112. In any regulatory issues regarding VAT, the perspective of nautical tourism and its promotion should be strongly considered.

#### **Development of level playing field in VAT rates**

Currently Annex III of the VAT Directive 2006/112 ('positive list') includes tourism accommodation, such as hotels and the letting of places on campsites and caravan sites allowing a reduced VAT rate to be set at national level. Despite the highly similar nature of marinas, the list does not include these. This leads to an unbalanced playing field within the tourism sector. EBI therefore supports the European Commission's proposal<sup>1</sup> on amending Directive 2006/112 as regards VAT rates to provide legal certainty and a level playing field for marinas within the tourism industry. This will benefit consumers, support SME growth and employment in the nautical tourism sector. This falls in line with the requirements set out by the European Commission for application of reduced rates, namely consistency, benefit to the final consumer and general interest.

EBI supports two potential solutions to addressing this issue:

#### **1. Introduction of the negative list as proposed by the European Commission**

Under this proposal, Annex III of the Directive, which lists goods and services for which Member States may apply reduced rates, will be replaced by Annex IIIa where no reduced rates can be applied. Spaces in marinas would not fall under the negative list allowing for flexibility to introduce a reduced VAT rate for spaces in marinas at national level.

#### **2. Inclusion of marinas in new positive list**

Should a new positive list be developed, "marinas" should be included to allow for application of a reduced VAT rate at national level to achieve the above-mentioned aims.

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<sup>1</sup> 2018/0005(CNS), <https://data.consilium.europa.eu/doc/document/ST-5335-2018-INIT/en/pdf>



## **VAT certificates for second-hand boats**

A recreational boat has a usual life span of 30-40 years and will likely be sold several times within this period. This takes place across borders within Europe with consumers taking advantage of the Single Market and boats are often used in other countries to where they were produced.

Consumers experience issues when the original invoice showing VAT payment is lost or it is not possible to obtain the required certificate from the relevant authorities. This leads to VAT having to be paid again based on the country of use. Boaters are often asked for this the first time they enter a new country. This is an obstacle for selling the boat since the new owner will risk being forced to pay VAT again. This has stopped the sale of many boats and reduced the throughflow of the second-hand boat market and presents issues for the new boat market.

### **About European Boating Industry (EBI)**

European Boating Industry (EBI) represents the recreational boating industry in Europe. It encompasses all related sectors, such as boatbuilding, equipment manufacturing, marinas and service providers. The industry is a significant contributor to the European economy, representing 32,000 companies that employ over 280,000 people directly. Most of the sector is made up of Small- and Medium-sized Enterprises (SMEs). It is a key contributor to tourism and has a global trade perspective. EBI is an established stakeholder at EU level, defending and promoting the interests of its members on key issues ranging from Single Market legislation to blue growth, tourism and trade policy. More information here: [europeanboatingindustry.eu](http://europeanboatingindustry.eu)