

PRESS RELEASE

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Yachting Services Business Section within the Malta Chamber provides an update on the latest developments in the Yachting Sector

On Wednesday 20th March, the Yachting Services Business Section organised a press conference, with the aim of providing a snapshot of the current state of the yachting industry in Malta and of the work carried out by the YSBS during its 2-year tenure.

Minister for Finance, Prof. Edward Scicluna, addressed the Press Conference alongside the President of the Chamber of Commerce, Mr Frank V. Farrugia and the Chairperson of the Yachting Services Business Section, Dr Alison Vassallo.

Welcoming guests, the President of the Malta Chamber Mr Frank V. Farrugia said that the collaboration between the Chamber's Yachting Services Business Section and the Ministry of Finance proved to be instrumental in solving issues relating to matters of direct interest to Chamber members.

"I am directly referring to the long saga concerning the application of VAT on Yacht Leasing which our Section was particularly active about for months on end. This long and complicated matter highlighted the importance of Business Sections within the organisational structure of our Chamber. Indeed, the members in our Section highlighted the threat which was hanging on their businesses and on the Maltese economy appealing for the support of the Chamber and our Council. Naturally this support was immediately forthcoming and thankfully this also brought about the full support of Minister Scicluna and his Ministry in tackling the situation in Brussels" Mr Farrugia said.

The President noted how Business Sections were the backbone of the Malta Chamber. "Active Committees such as the Yachting section represent and operate actively in a wide range of Services. This creates a valuable pool of resources that renders it well equipped in acting as a consultative partner with the Government and other key stakeholders" Mr Farrugia concluded.

Dr Alison Vassallo, chairperson of the Yachting Services Business Section, said that the yachting sector had over the past 12 years experienced gigantic leaps.

"Malta has become a go to destination for yachting both from the point of view of the flag which currently homes over 750 yachts over 24 metres in length and also for the level of logistical and legal services that are offered by our jurisdiction.," Dr Vassallo noted. "Leaving aside the flag and legal services, the number of sectors that feed off the yachting sector is striking. One need only mention refit yards, agents, distributors, suppliers and manufacturers, surveyors, marina facilities, and brokerage and yacht management firms" she said.

Referencing a study conducted by the YSBS in collaboration with Ernst & Young last year with the aim of collecting industry statistics as an important tool in gauging the value of the industry, Dr Vassallo stated that this reflected a good spread and representation having a span of 50 operators.

Referring to the letter of notice sent by the EU Commission to Malta's authorities in March 2018, in relation to Maltese VAT rules for the supply of pleasure yachts, Dr Alison Vassallo, said that it was an opportunity for the whole sector to come together.

"The receipt of the letter was followed by the formulation of a detailed technical and legal response to the commission outlining Malta's position and compliance with EU law in May 2018. Over the past year, a number of detailed and advanced discussions and negotiations were held by the authorities with the Commission. These discussions have enabled the Authorities to proceed with the publication of guidelines on the 1st March of this year which clarify the manner in which the hiring of pleasure yachts is to be taxed. These bring the application of VAT on yacht leasing further in line with best industry practice and ECJ decisions" Dr Vassallo said.

Dr Vassallo thanked the authorities for the support shown in addressing this most important matter over the past year and for the excellent collaboration between the authorities and the private sector which set an example to other jurisdictions.

The Press Conference was also addressed by the Minister for Finance, the Hon Prof. Edward Scicluna, who referencing the study conducted by EY highlighted that indicative estimates pointed at the industry generating 100 Euro Million in revenue which excludes tax and flag registry revenue together with direct employment of over 1500

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