



Country Guide

ITALY



VAT RULES, TAXABLE BASE AND COMPLIANCE REQUIREMENTS

VAT FRAMEWORK

Italy remains one of the most technically structured VAT jurisdictions in Europe for yacht charter operations.

Charters with crew are treated as a supply of services and are subject to the standard Italian VAT rate of 22%, unless offshore apportionment applies.



CHARTER LOCATION & VAT TREATMENT

For short-term hire of vessels (under 90 days), the place of supply is where the yacht is put at the disposal of the customer.

If embarkation occurs in Italy, Italian VAT applies.

Italy applies an offshore apportionment regime, meaning VAT is due only for the portion of use within EU waters:

- Italian territorial waters → Taxable
- Other EU waters → Taxable
- International / non-EU waters → Not subject to EU VAT

Since 2020, Italy requires actual use evidence and no longer accepts flat-rate presumptions.



TAXABLE BASE & DOCUMENTATION

The taxable base includes all consideration received for the charter service, including:

- Charter fee
- Delivery and redelivery fees (if contractually linked)
- Recharged broker commissions
- Insurance and ancillary services

APA (Advance Provisioning Allowance):

- Included if retained as consideration or not fully documented
- Excluded when treated as pure disbursement with full documentary evidence and separate accounting

VAT REGISTRATION & COMPLIANCE

VAT Registration

Non-established yacht owners or operators must register for Italian VAT when the charter is localised in Italy and VAT must be charged.

- EU businesses → Direct VAT registration allowed
- Non-EU businesses → Fiscal Representative or Direct Identification (if eligible)

Compliance & Filing

- Quarterly VAT returns (default)
- Monthly returns (if thresholds exceeded)
- Annual VAT return

Penalties

- Late payment → 25–30% of unpaid VAT
- Late filing → Administrative penalties
- Omitted returns → Higher penalties and possible criminal exposure Interest accrues daily.

Key Compliance Focus

Italian authorities closely scrutinise:

- Offshore apportionment evidence
- Short-term hire qualification
- APA documentation
- AIS data retenti