

The Yachting Scene

Contributing author: Sophia Tutino

Superyacht Chartering (From the Owner's Perspective)

When chartering a superyacht we need to understand the difference between the owner of the superyacht, and the client who will rent out the vessel for an agreed period.

Companies own superyachts for commercial purposes (chartering) due to the VAT obligations of the owners.

The Principality of Monaco has no commercial flag, therefore all of the vessels registered under a Monaco flag and intended for charter are due VAT but at a much-reduced level, making it competitive compared to superyachts being classified as private use.

Many of the banks outside the Principality of Monaco are equipped to offer lease options for superyachts, which helps to reduce and possibly offset the owner's expenses. For this reason, most of the chartered superyachts are under corporate ownership.

Comparing the VAT on chartering versus buying, one can immediately see the benefits of chartering. While the superyacht owner is obliged to pay 20% VAT, which is 20 million euro on a 100 million euro yacht, he/she is only due to pay 2 million euro in the case that the yacht is used for chartering. In this example, VAT payable was calculated based on the Monaco rental on an annual 4% depreciation of the yacht over a 5-year period.

This is still considerably higher than flying the Malta or Cyprus flag; however, it comes with the benefit of a Monaco flag. Moreover, as it was previously described, one can avoid the legal challenges and possible future VAT payments with flying the Malta and Cyprus flags.

It is also important to know from a business perspective that any chartered trip within Monaco and/or French waters is due VAT, which is 20%. So, if a charter week starts in Monaco and finishes in St. Tropez for example, then 20% VAT is payable on the charter cost.

However, sailing out into international waters, meaning being more than 12 nautical miles away from Monaco and/or the French borders, and you decide to anchor in Italy for example, the VAT is immediately reduced to 10%.

On the insurance side of owning a superyacht, the crew and all passengers must be properly insured in the event of an accident, incident or liability issue. Often the employer will have to take on private medical and accident cover for each crew member. Commercial yachts shall be insured for chartering activities and hold a greater third-party liability or P&I coverage. Insurance wise, it is important to consider that the deductibles are high and not all risks are covered.

Among other matters, commercial yachts must be in class and comply with the Commercial Yacht Code Regulations in accordance with the chosen registry.

Monaco: The Essential Relocation Guide

Written by André C Perry, Charlotte Easterbrook & Zsolt Szemerszky

This comprehensive book is dedicated to all current and future residents of the Principality of Monaco.

Book order links: [Amazon \(UK\)](#) . [Amazon \(US\)](#) . [Amazon \(FR\)](#) . [Amazon \(DE\)](#)



Chartering under a Monaco flag raises the same problem with the crew. All crew members employed on a commercial yacht will be required to hold STCW 95 Basic Training Certificates and provide evidence they hold the necessary Monaco approved qualifications specific to their position onboard. Minimum standard clauses will be compulsory within employment agreements for crew on commercial yachts, in accordance with the Maritime Labour Convention 2006.

Finally, the crew must be hired through the Monaco Employment Office and full social security is due. Furthermore, the captain must have the required Monégasque or French certificates. This is very challenging for very large yachts, because it is difficult to have all necessary certificates, about 45-60 in total.

In Monaco there are multiple companies maintaining charter vessels, however very few of them have their yachts registered under the Monaco flag. Most of these yachts are leased through 3rd party companies, and they typically fly offshore flags such as the Cayman Islands or Isle of Man.

Superyacht Chartering (From the Clients's Perspective)

Monaco is, and will be the place to be for those who want to charter in the South of France.

Among the main attractiveness of cruising on a superyacht is that one can visit unique destinations, experience incomparable luxury, world-class service, unparalleled cuisine, privacy, and of course the unforgettable moments on board.

Due to Monaco's world-class programs and luxurious atmosphere, renting out a boat for charter is attractive for many nationalities. Even French people come to the Principality to enjoy a nice stay on a superyacht, where they can find the best onshore restaurants in the area, best facilities and services.

Chartering is also there for families. Charterers are becoming more and more educated on what the yacht charter is all about and what they can request and find onboard. For example, children friendly yachts for families is of absolute importance, and for this reason, many vessels offer various water toys, slides and other enticements for all members of the family.

The charter season typically starts hand in hand with the Monaco Historic Grand Prix, which is early May. It is not far from the truth if we say that most of Monaco's chartering clients in May are car lovers linking their private vacation or corporate events to the Historic Grand Prix and to the Formula One Grand Prix.

It is also important to realize that typically there are two types of chartering offers, the standard and the static charter. Most of the charters are static charters in May because during the major events of the year, the yachts are not allowed to leave the port of Monaco.

However, the real chartering season with connected travelers around the French and Italian Riviera start right after the Monaco Grand Prix, from early June. The season usually lasts until the final week of the Monaco Yacht Show, which is typically the last week of September.

Monaco: The Essential Relocation Guide

Written by André C Perry, Charlotte Easterbrook & Zsolt Szemerszky

This comprehensive book is dedicated to all current and future residents of the Principality of Monaco.

Book order links: [Amazon \(UK\)](#) . [Amazon \(US\)](#) . [Amazon \(FR\)](#) . [Amazon \(DE\)](#)



Charter agencies in Monaco always hope for an Indian summer, meaning having an unseasonably warm, dry October, which can allow them to attract more people to experience a final superyacht charter.

It is interesting to observe the trend that overall most charter clients ultimately aim for a cruising holiday charter. However, during the major events of the year, such as Monaco Historic Grand Prix, Monaco Grand Prix, Cannes Film Festival, etc, 99% of the charter deals convert into static charters requested by event companies.

The typical charter booking is coming in through either a personal contact or a family office. In general, these people first meet with the charter agencies through their website and newsletter database.

For booking a charter yacht in Monaco, the earlier is better. The typical superyacht is booked at least a month in advance of the planned departure. Educated clients know and understand that forward planning is imperative to find the best suitable choices.

By planning a charter well in advance, a good charter agent can provide different solutions that would meet a client's exact requirements. It also can also give the client an opportunity to see the superyacht in person and to have a brief first meeting with the captain and crew to understand the vessel. All these small things can give you the right impression towards making a satisfying decision.

Special requests as not uncommon in the industry either.

For an enjoyable trip, breaking down the language barrier is amongst the very first things to do. It often happens that for example, a Russian family aims to cruise for a week on a Superyacht; however, they can only communicate in Russian. In such cases, the charter agents can find a crew that are multi-lingual.

Another typical example could be for instance, is that a Jewish family rents out a vessel and they are requesting Kosher food to be served. In this case, it is highly important to provide them with the right chef to serve the client and to satisfy the needs and requirements of Jewish law.

There are many varied examples of special requests; however, a very common request is interestingly linked to the wine cellar on a superyacht. High-net worth clients typically have special wine preferences, so advance booking is highly important to fulfil their requests, since wine importation can take multiple days.

Then, there are the prestige questions, a typical holiday cruising trip where there are multiple families coming together, and they all pay an equal share of the charter. By paying equally they normally expect equal quality as well, this means that the charter agent is usually asked to provide equal sized cabins for each family.

These are just a few examples on why it is important to ensure enough time is allocated before departure to ensure proper planning. Moreover, charter agencies want to be prepared for the guests since this is a direct reflection of their services.

Monaco: The Essential Relocation Guide

Written by André C Perry, Charlotte Easterbrook & Zsolt Szemerszky

This comprehensive book is dedicated to all current and future residents of the Principality of Monaco.

Book order links: [Amazon \(UK\)](#) . [Amazon \(US\)](#) . [Amazon \(FR\)](#) . [Amazon \(DE\)](#)



Based on current trends, most charter bookings in the Principality are in March and April, so people who are coming or booking later, may be faced with lack of options.

On some occasions, the first-time charterer may decide to charter a yacht up to 48 hours before their preferred departure, thus making it a very challenging time for the agencies. There is a saying that the higher the rental price, the less time the client allows for preparation, which is always risky, because the agency wants to ensure quality of service and meet the special needs of the client.

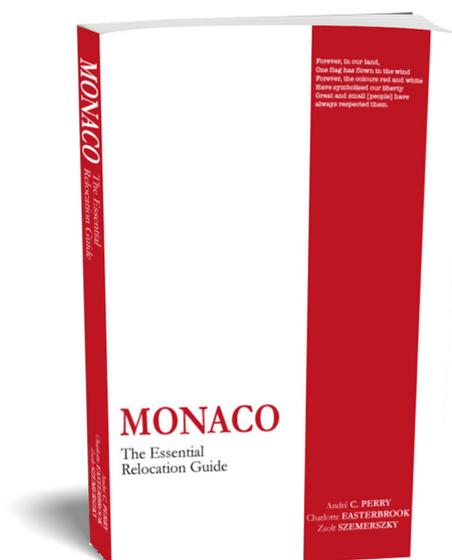
From the yacht owner's perspective, one of the charter agencies most important tasks and main responsibilities is the due diligence and the identification of the KYC. Know Your Customer is the process of a charter agent verifying the identity of its clients and assessing potential risks of illegal intentions for the business relationship. With all this, agents aim to secure a charter to ensure owners of the vessels should not be facing any issues on their yachts.

Typically, they also check references if they are a repeat client, often they will check with the captains of the previous yachts they have chartered, however in general, clients are all very educated and they respect the asset. Obviously, you will always have some exceptions, but that is a very low percentage.

However, risk is always two sided, for example, it is a charter industry practice that no credit card is accepted in the Principality of Monaco for superyacht chartering. All payments must be done by via wire transfer and always in advance.

In addition, all passengers must ensure they have a copy of their passports before departure, this is important for security, liability and insurance purposes.

There are many chartering agents in Monaco who are taking client education very seriously. For example a month before departure, they normally send the client a brief information on the vessel and the itinerary of the trip, then a week before departure a pre-boarding document with all the useful information and important rules.



Monaco: The Essential Relocation Guide

Written by André C Perry, Charlotte Easterbrook & Zsolt Szemerszky

This comprehensive book is dedicated to all current and future residents of the Principality of Monaco.

Book order links: [Amazon \(UK\)](#) . [Amazon \(US\)](#) . [Amazon \(FR\)](#) . [Amazon \(DE\)](#)

