



Viareggio, 9th January 2025

EXTENSION BEYOND 18 MONTHS OF THE PERIOD OF TEMPORARY ADMISSION (T.A.) OF A NON-EU YACHT WITHIN THE EU CUSTOMS TERRITORY.

Temporary admission (T.A.) is a special customs procedure that allows the entry of non-EU pleasure yachts into the territory of the Union free of import duties and VAT, in order to be able to use the yacht within the European customs territory provided that it is re-exported within the time limits set by the Union customs regulations.

When a Yacht is within the Union territory under T.A. regime, it must meet the following requirements as stipulated in Article 250 paragraph 2 of the UCC (Union Custom Code):

- The scheme holder (owning company and also the UBO) must be established in a third country (outside the EU customs territory);
- The good must be uniquely identifiable and in the case of a Yacht must be registered in a non-EU flag registry;
- The Yacht shall not be intended to be modified except for normal depreciation/maintenance.

With reference to the expected duration within which the good can remain under such customs procedure before being re-exported, Article 217 of the Commission Delegated Regulation (EU) stipulates for sea and river means of transport for private use: **18 months**, while Article 251 paragraph 4 of the UCC (Union Custom Code) stipulates as the deadline for discharging the temporary admission procedure: **24 months**, and only in case of *“exceptional circumstances”* the customs authorities may grant extensions to the above deadline (paragraph 3).

The recent ruling C-781/2023 of 12/12/2024 by the Court of Justice of the European Union (CJEU) step in on this point, which, following a case concerning the temporary import of a race car registered in the U.S. to carry out some sports competitions in the EU customs territory, clarified the following:

- extension that allows the 24-month limit set by Article 251(2) to be exceeded, can only be authorized when there are **“exceptional circumstances”** that demonstrate that the objective of the authorized use has not been achieved.
- on the contrary, **NO “exceptional circumstances”** are necessary to obtain an extension of shorter terms that may have been set by the customs authorities (e.g., the 18 months for a Yacht), as it remains sufficient to show that the extension is necessary to achieve the objective of the authorized use in any case of less than 24 months.

More generally, the Court recalled that **not all violations** of the temporary admission procedure are necessarily relevant, as Article 124 UCC provides for the **extinction** of violations that do not constitute an attempt to defraud and that have not had *“significant consequences on the proper functioning of the customs procedure in question.”*

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Ezio Vannucci is a founding partner of Moore's Rowland Partners firm of professionals. He is an expert in tax and contractual matters with more than 30 years of experience in tax and corporate consulting specializing in tax, VAT and customs law as applied to the yachting and marine industry. He has to his credit numerous collaborations and ongoing consulting relationships with listed companies, financial institutions and national and international shipowners. Ezio Vannucci has led Moore's Rowland Partners to become one of the most influential international tax advisory firms in the yachting industry. He also assists owners, Brokers and shipyards in any tax, maritime and contractual issues related to the construction and sale and purchase of superyachts in Italian territory. He also assists owning companies in disputes with the Internal Revenue Service and the Customs Agency. One of the most active consultants on the Italian yachting scene, he collaborates with the Italian shipbuilding industry association (CONFINDUSTRIA NAUTICA) and is the author of "Guida Nautica e Fisco" published by Confindustria in collaboration with the Italian Revenue Agency and Customs Agency. Ezio Vannucci is a speaker at seminars and conferences dealing with nautical tax issues. He also edits the tax section of several Italian and international yachting magazines. Along with his specialization in yachting, Ezio Vannucci assists important national and international companies operating in the industrial and luxury goods sector.