

Gothenburg, April 20, 2018

Information: VAT on supplies

New VAT regulations from January 1, 2018

On January 1, 2018, new VAT regulations governing maritime supplies were incorporated into the Swedish VAT Act. The new regulations are an adaptation to the rules in the EU VAT Directive. The new rules have an impact on when vessels are qualified for VAT exemption. Both of the following criteria must be fulfilled:

1. The vessel should be used for carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities.
2. The vessel should predominantly be used on the high seas.

The Swedish Tax Agency has issued an official guideline dated December 21, 2017 (Vessels used on the high seas, Value added tax, dno: 202 482304-17/111) where they give their view on when the vessel should be considered as predominantly used on the high seas. The criteria is fulfilled in case more than 50 per cent of the total number of voyages for a calendar year are made on the high seas or if more than 50 per cent of the total distance for a calendar year is made on the high seas. High seas are defined as all water that is not part of any country's territorial waters.

As described above, it is a condition for exempting supplies of goods and services from Swedish VAT that the vessel is used for navigation on the high seas and carrying passengers for reward or used for the purpose of commercial, industrial or fishing activities. For most supplies, there is also a condition that the supply is made to the vessel owner or the operator (the party that is using the vessel for traffic operations). A supplier of goods or services to vessels must have documentation to support that the supplies qualify for VAT exemption.

In order to continue to invoice you without charging Swedish VAT we have drafted a certificate, enclosed to this letter, where you certify that your ships that call on Port of Gothenburg qualify for the VAT exemption. We therefore kindly ask you to sign the enclosed certificate and return it to us. If the conditions above are not met for one or several of your vessels, please contact us immediately.

It could be difficult, even for the party who uses the vessel in the daily operations, to foresee the future use of the vessel and consequently if it will qualify for VAT exemption. A supplier of goods and services can assume that a vessel that has been predominantly used on the high seas the previous year also will qualify for the present year. In case there has been no change in how the vessels are used, you could use the information for 2017 when determining if the vessels qualify.

The signed certificate could be sent to the following e-mailaddress: customerinvoices@portgot.se. You could also use this address in case you have any questions.

Yours sincerely,

Åsa Kärnebro

Harbour Master