

Purchasing a new or used yacht?

Are you aware that all of your personal assets are in jeopardy if you own your yacht as an individual or as a partnership. To shield yourself from total financial disaster take advantage of the limited liability offered by a Delaware Corporation or a Delaware Limited Liability Company. Owning an yacht in this manner can offer you asset protection, privacy and tax savings.

Delaware is recognized as having a favorable tax climate. Delaware has no sales tax, personal property tax, intangible property tax or stock transfer tax. Additionally, no Delaware corporate income tax is assessed for income derived outside of the State of Delaware.

It is important to note that sales tax shelters are situational. Many states have "user taxes" and the like. One should consult with a legal or tax advisor to determine if a tax on a yacht will be due in the State in question.

When initially purchasing the vessel a sales/use tax may be due in the state they are actually keeping or using the vessel. The advantage of purchasing the vessel as a corporation truly comes into being when they opt to sell the vessel.

What are the advantages of selling the stock and assets of the corporation or LLC in lieu of the sale of the vessel?

In most cases, the prospective owner will have to pay a sales tax again on the purchase of the vessel. With this in mind from the outset, not only will the prospective owner derive the advantages of ownership as a corporation, when the vessel is subsequently put up for sale, the owner has the flexibility of selling the vessel as an asset of the corporation or selling the entire corporation of which the vessel is an asset. The latter circumstance is accomplished by simply transferring the shares of stock in the corporation over to the new owners.

This arrangement can be very attractive to the prospective purchaser because title to the vessel has not changed hands since it is still registered to the corporation. Therefore, no sales tax may be assessable on the transfer, and, no re-registration costs are incurred.

Why should I buy my yacht as a corporation or LLC?

In fact, an additional savings occurs because the vessel does not need to be re-documented with the US Coast Guard or State Registered.

To protect yourself and your family you might want to own your yacht as a corporation or an LLC.