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E-Charter Permission: The digitalization of chartering in Greece

Greece has pioneered in the luxury yacht charter sector by introducing the new electronic application for the "e-Charter Permission" for voyages performed entirely within Greek territory and waters and, its advanced counterpart, the "e-Charter Permission Plus" for voyages starting or concluding in Greece. As of December 2023, the platform represents a change in Greece's approach to a digitalized yachting setting that streamlines procedures, opening up new opportunities for growth within 2024 and onwards.

1. The Legal Framework

Prior to the opening of Greek waters to non-Greek flagged charter yachts, it was prohibited for leisure vessels flying a foreign flag to embark or disembark passengers for a fee unless these were owned by a company with a Greek branch of business and qualified for a Greek charter license.

Greece has implemented a simplified process with respect to: a. the terms of operation and access to the electronic application titled "e-Charter Permission" and interoperability with third-party systems of the public sector, b. the terms, conditions, and procedures for: (i) issuing, suspending, canceling, modifying, extending the "Charter Permission License, (ii) registering the required elements of the charter agreement or the co-use of a recreational professional vessel or the execution of individual empty passenger ship movements and (iii) registering in the application the details of the passengers, and any changes to the registered details.

2. Eligible Applicants and Requirements

All yachts, commercially registered under a foreign (non-Greek) flag over 35m in length are eligible to apply for the e-charter permission. The application needs to include details pertaining to the ownership and/or chartering, the yacht herself and the duly executed charter agreement already in place. Such application is submitted by either the owner or the charterer.

In case of a yacht owning entity, the same is recommended to be registered in Greece only for the facilitation of the VAT payment, arising from the charters performed in the Greek waters by way of e-charter permission. The chartering of the yacht, however, is the only commercial act to be carried out by the yacht owning entity within the Greek territory, noting that a permanent establishment within Greece is not required.

The passenger status, the details of the captain and any change to them are also required in the application.

Another requirement for the port authorities to be able to approve the online e-charter permission application is the payment of the charter fee (TEPADACH) due to the Greek authorities, while 70% of the VAT on the charter fee due in Greece must be paid at least two weeks prior to the charter commencement.

Apart from the aforementioned, the below listed certificates (as applicable) should be submitted together with supporting evidence of the TEPADACH fee and 70% of its VAT for the completion of the application:

For yachts below 500 GRT	For yachts above 500 GRT with maximum 12 passengers	For yachts over 500 GRT with over 12 passengers
Greek Foreign Commercial Yacht Inspection Certificate (PEXEPA)	Cargo Ship Safety Construction Certificate	SOLAS Passengers Ship Safety Certificate
	Cargo Ship Safety Radio Certificate	Official Flag State Document Evidencing Number of Crew and Guest Berths
	Cargo Ship Safety Equipment Certificate	
	Official Flag State Document Evidencing Number of Crew and Guest Berths	

3. How to obtain a PEXEPA certificate?

A class surveyor authorised by the Greek authorities will survey the yacht. Usually, the Greek branch of the yacht's class society (if she is already in class) will give instructions to a local surveyor to issue the certificate.

4. VAT, TEPADACH and TEPADACH plus Fees

For yachts able to carry out international voyages (as evidenced on their issued PEXEPA certificate) the VAT rate applicable is 5.2%, while for yachts, which perform domestic voyages, the VAT rate applicable shall be 6.5% (as per the yacht's issued PEXEPA).

The VAT amount for an "e-charter permission" is calculated based on a standard fee of Euro 500 plus a formula, which calculates the sum of a standard fee depending on the size of the yacht plus a fee depending on the Gross Tonnage (multiplied) by the days that the yacht wishes to cruise within the Greek waters.

The remaining VAT due on the charter at a rate of thirty percent (30%), as well as VAT amounts resulting from any co-use of the vessel, are paid by submitting a VAT declaration, for which the calendar year is defined as the tax period and which provides the right to deduct input tax on activities carried out during the vessel's operation.

VAT exemptions are not granted during the period of the yacht's private use.

5. What occurs with the 70% VAT and TEPADACH fee that were paid in the event that the charter is cancelled following the issuing of an e-charter permission?

A refund of sums paid will be obtained from the Greek tax authorities. It is suggested for the parties to the charter agreement to include relevant provision in order to procure that the owner shall not be liable for any delay in the refund process by the Greek tax authorities. In that case, the days covered by the initial e-charter permission will not be counted to the total amount of charter days permitted annually.

6. Duration of charter by way of e-charter permission

A yacht can be chartered for a maximum of 21 days per calendar year with the possibility to extend by 7 days, allowing for a 28 days charter annually, noting that each year, a separate e-charter permission should have to be issued for a charter to be performed in the Greek territory.

7. Is an e-charter permission required in case the UBOs and their direct family members use their commercially registered yachts privately?

An e-Charter Permission is not required in case the UBOs and/or their direct family members intend to use privately their commercially registered yachts in Greece. However, the intended private use should be

declared on the e-charter permission application online for the VAT calculation purposes.

Conclusion

"E-Charter Permission" acts as a convenient hub for chartering yachts in Greece, while providing flexibility that allows for a range of charter options. By introducing "e-Charter Permission" Greece is setting a modern and transparent framework for luxury yachting, meeting the demands of international maritime tourism. This innovative platform signifies a new era for Greek yachting, marked by efficiency, transparency, and global competitiveness and we are looking forward to assisting you with applying and issuing your "e-Charter Permission".

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