



# Full importation: what are the 10 typical errors and misunderstandings?

Over the years we have received hundreds of different case descriptions on how aircraft operators have planned or been using full importation. They have been submitted in order for us to comment and possibly rectify the use. We have compiled the most typical errors and misunderstandings in the list below and included a short explanation and a link to access for further information.

Any aircraft flying into the EU must somehow come under EU customs control either using either the Temporary Admission regulation or full importation, there are no other options. So, if the aircraft is not already fully imported, the aircraft will automatically be considered as flying under the Temporary Admission regulation.

Please, have a look at it if you use full importation on a regular basis. The same list have also been published for users of [Temporary Admission](#).

## List of the 10 typical errors and misunderstandings:

**1. A corporate aircraft cannot be used predominately for business:** It is simply fraud if the importation VAT is 100% deferred/reclaimed based on known/planned non-business use, if proper compensation is not paid back to the importer or if a repayment of the non-business part of the VAT is not made.

[KNOW MORE: Short Story: Preconditions: what about non-business use?](#)

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**2. A corporate aircraft can only be used for correct activities:** The aircraft can only be used for activities defined as EU VAT taxable economic activities and this correct usage is typically required for a minimum of 5 years. Any other usage will require a repayment of the VAT.

[KNOW MORE: Short Story: Preconditions: what is meant by correct use?](#)

**3. Non-business use outside the EU will affect the EU status:** Most EU member states will include all worldwide non-business use of the aircraft during an audit. This means that any non-business legs flown locally in the USA by an American Part 91 operator will actually have an impact on the EU VAT assessment.

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**4. A lessee/operator cannot import an aircraft and reclaim/defer the imposed VAT:** Only the real owner can import the aircraft. This is decided by the European Commission VAT Committee.

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[KNOW MORE: SURVEY 4: Aircraft importation in the EU – has a lessee been denied the right to reclaim/recover the VAT imposed during an importation in various EU member states?](#)

**5. Only an aircraft used 100% for commercial operation can be VAT exempt (0%):** This is decided by the European Commission VAT Committee. 'Commercial operation' shall mean any operation of an aircraft, in return for remuneration or other valuable consideration, which is available to the public or, when not made available to the public, which is performed under a contract between an operator and a customer, where the latter has no control over the operator'.

[KNOW MORE: Short Story: Preconditions: for the VAT handling](#)

[KNOW MORE: OPMAS Review: The "airline" VAT exemption in the European Union](#)

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**6. A commercial aircraft can only be VAT exempt (0%), if leased or owned:** This is decided by the European Commission VAT Committee. A managed aircraft is considered used by the owner and not the international airline and the aircraft can therefore not be granted a VAT exemption. A management agreement is typically structured in such a way that the international airline do not have not full control over the aircraft, which is a must.

[KNOW MORE: Short Story: Preconditions: for the VAT handling](#)

[KNOW MORE: See the quick overview: option 3: the import VAT is exempt](#)

**7. The importation is not always valid forever:** The VAT part of the importation is only valid until the aircraft is sold, unless EU VAT is somehow accounted for. The aircraft is considered as exported if the aircraft is sold/delivered outside the EU. It is up to the new owner to re-import the aircraft again, if the owner wants to fly within the EU.

**8. Free circulation does not mean that the aircraft is free of duty, VAT or taxes forever:** The term 'free circulation' only refers to the correct handling/payment of the customs duty part and not the VAT part.

**9. Grandfathering cannot be used in a customs/VAT context:** In an aviation context, the term 'grandfathering' is often misused in connection with a sale or operator change as an effort to pass on the free circulation and VAT status. The customs/VAT status of an aircraft depends alone on the correct application of the customs code and how the VAT has been accounted for by the seller, new owner or operator.

**10. The customs duty is not an issue any longer:** The rate is 0% if the aircraft is registered and when it is eventually imported.

[KNOW MORE: Short Story: The customs duty handling](#)

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The majority of the above-mentioned points are critical factors. Mistakes can be costly if the aircraft and the preconditions for the full importation are checked through a customs ramp check or an audit by the VAT authorities.

### **Tax havens and the Paradise Papers**

A few [EU member states](#) handle aircraft admission/importation differently. These states do not follow the EU standards or guidelines and this is often sanctioned by their local tax/customs authorities in order to offer a better business environment or to create local gateways for certain industries. These jurisdictions are known to bend the rules in favor of local companies often by only implementing a light version of any new regulation or by simply ignoring or delaying the required implementation. The Paradise Papers have highlighted some of these EU tax havens. These jurisdictions and related industries will without any doubt have the full attention of several national and EU authorities in the future. We will see many changes and audits of the regulation in the future thus no one should import an aircraft without a binding advance tax ruling.

### **Who can use full importation?**

All private individuals and corporations regardless of nationality and residency can use full importation and act as the importer but some procedures require full payment of the VAT at 17-27% of the value of the aircraft. The full importation procedures are available in all 27 EU member states, but the practical handling and preconditions are often different. Full importation is mandatory for EU insiders which means that the aircraft is either owned/registered/operated/based and mainly used within the EU (just one criterion must be fulfilled). On the other hand, full importation is optional for EU outsiders where the aircraft is both owned/registered/operated/based outside the EU (all criteria must be fulfilled). The only alternative for EU outsiders is to use the [Temporary Admission regulation](#).

### **Check our online resources if you want to dig deeper into the above points!**

[OPMAS Reviews](#): present an overview and a deeper insight in various subjects

[OPMAS Short articles](#): gives a short insight in various topics

[OPMAS Short stories](#): get the essence of the two importation alternatives in a short and quick way

[OPMAS Quick Guides](#): compare the different importation alternatives

[OPMAS Surveys](#): in-depth analysis of specific topics

### **How can we help?**

Please, ask OPMAS about the service we provide to support users of full importation. Our service covers much more than handling necessary customs paperwork. It is a turnkey solution for aircraft owners and operators who want to fly within the EU. Firstly, we analyze the owner/operator scenario to secure compliance with customs regulation and provide guidance for the correct use of full importation. Hereafter, we secure the specific set-up and take care of all supporting customs paperwork. Finally, we give specific instructions to crew and ops on how to fly within the EU including free support as long the aircraft is operated in the recommended way.

Let OPMAS help verify your usage. Please, send us an email or give us a call.

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