



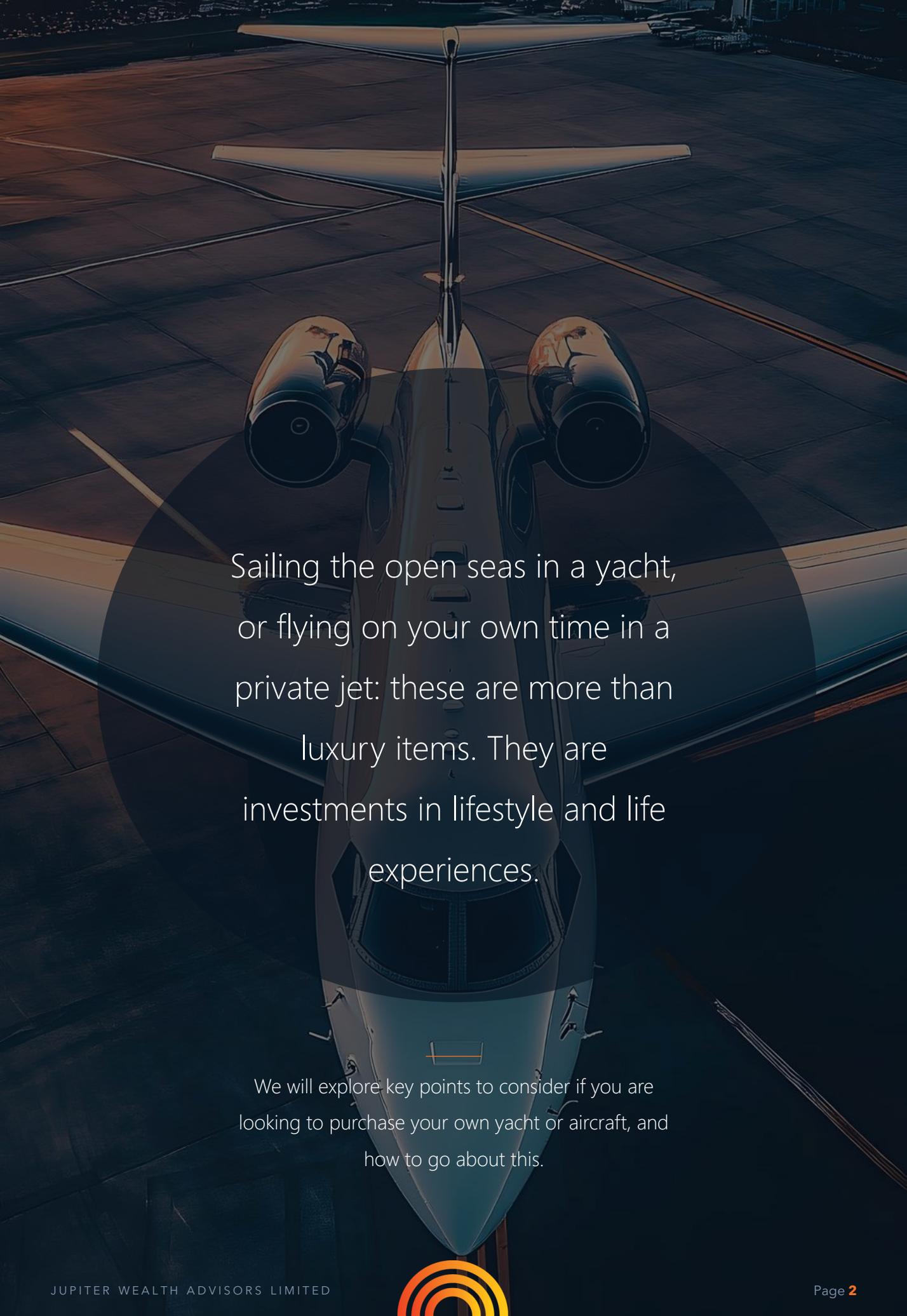
JUPITER
WEALTH ADVISORS

Structuring for Luxury Assets

{ What you need to know }



KNOWLEDGE × SECURITY × PROSPERITY

An aerial, top-down view of a private jet on a tarmac. The aircraft is centered, with its wings spread wide. The engines are prominent, and the tail section is visible at the bottom. The lighting is dim, suggesting dusk or dawn, with a dark blue and orange color palette. The tarmac surface is visible with some markings.

Sailing the open seas in a yacht,
or flying on your own time in a
private jet: these are more than
luxury items. They are
investments in lifestyle and life
experiences.

We will explore key points to consider if you are
looking to purchase your own yacht or aircraft, and
how to go about this.

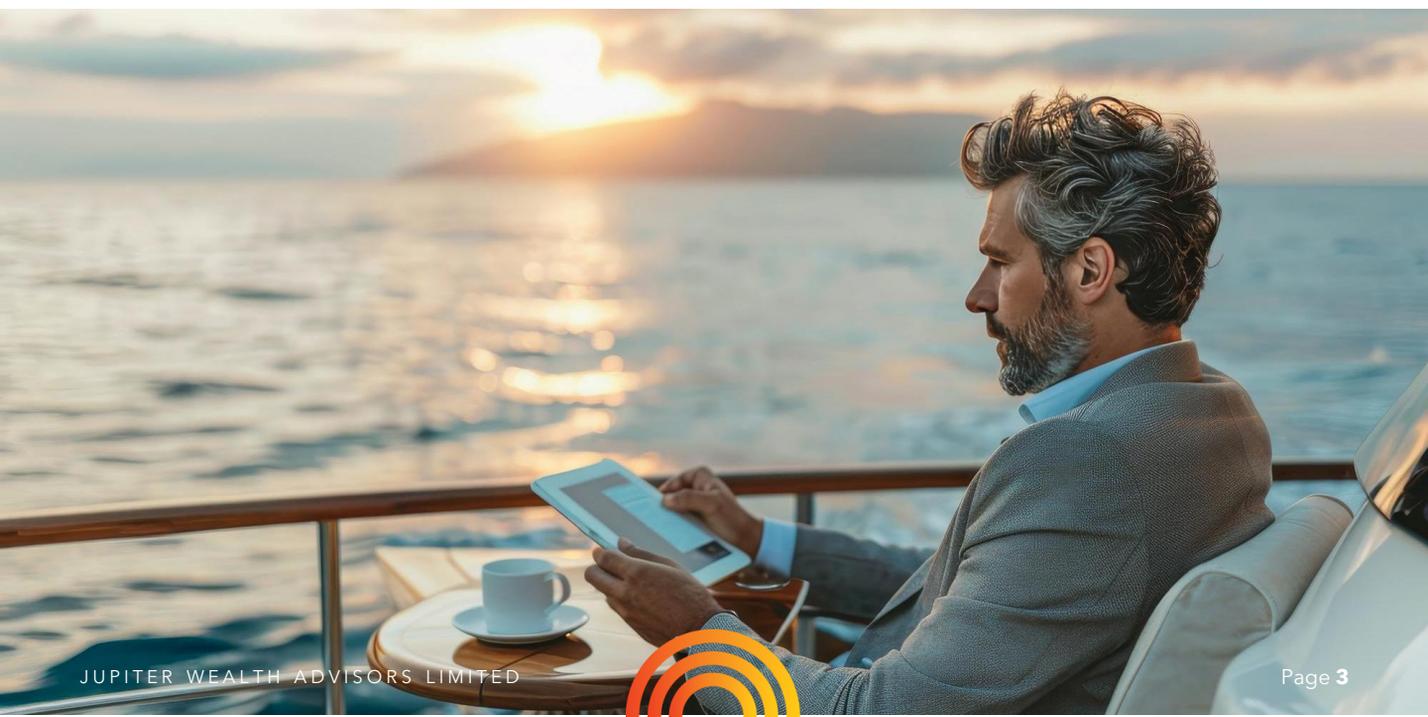


Luxury Assets

Some high-end assets like real estate can hold their value, whereas assets such as yachts and private aircraft do not– they depreciate over time, which is a very important consideration, both in terms of costings, and usage. These can be expensive to buy, and maintain, all whilst reducing in value.

As a general rule of thumb, if the intention is to only use the yacht or aircraft a few weeks a year, arguably it is not worth the capital outlay for one. Chartering the vessel would be a better use of your money. On the other hand, if you intend to use it more frequently, either for personal or business use, or both, then it could be more economical to own it instead.

As with most luxury assets, there is a market for new and second hand, with an emphasis on appropriate due diligence for second-hand purchases. Making sure the vessel or aircraft has been adequately maintained and serviced, and that all relevant paperwork is in order is crucial. Logs of travel are also important – knowing where the vessel or aircraft has been to in case there is any VAT that may arise, or unpaid fees /levies which come to light after the purchase has been concluded.

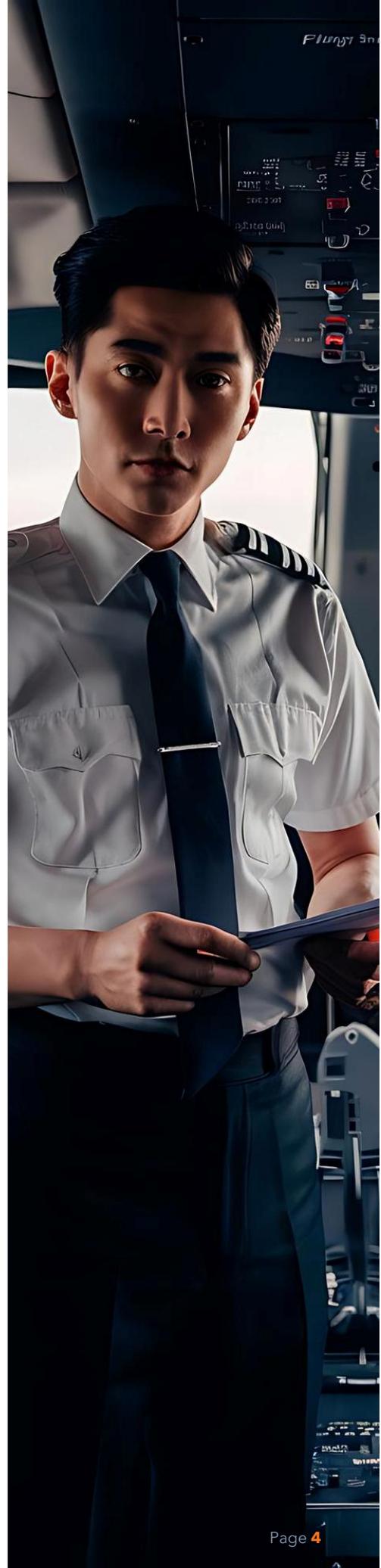


Managing the Costs

In both new and second-hand purchases, detailing the costings is a worthwhile exercise, including crew, servicing, insurance, taxes (if applicable), berthing and hangar/tie down fees, registration fees, structure costs and maintenance, to name a few, and likely fuel costs based on estimated usage.

Purchasing the right vessel or aircraft based on anticipated usage is also important – buying a suitable yacht or plane for long voyages will be more cost effective in the long run than a cheaper smaller model, if there are passenger capacity limitations or range restrictions.

Financing can be a worthwhile consideration, particularly if the intention is to use the yacht or aircraft commercially where interest payments might be tax deductible in some instances and could free up some capital to manage the ongoing costs. Loans for yachts and aircraft tend to be of a limited duration (from 5 to 15/20 years), with interest payments and a balloon payment at the end of the term. Using financing does have some limitations as lenders would have more influence on aircraft specifications and operations, in order to protect their loans.





New Build

When deciding on new build, there are a number of elements to consider, such as taxes on purchase (such as VAT), specifications for aircraft or yachts, and length of time to delivery.

European shipyards are renowned for producing some of the highest quality ships, but this can come with added aspect of VAT to the purchase price, which needs to be factored in. It is important to decide up front whether the vessel or aircraft will be used for charter or personal use. If chartering the vessel is being considered, there are certain specifications that would be required to ensure regulation with shipping and aviation laws, so having this built into the design at the outset could save time and money.



Structuring

Using corporate vehicles to own and operate yachts and aircraft can offer a number of benefits, including privacy and confidentiality, succession planning, legal protections (against creditors, staff and others, for example), tax neutrality and registration or flag benefits.

Having ownership and management separated ensures risks are siloed accordingly. Rights of lien against the vessel or aircraft can be restricted by using separate corporate vehicles.

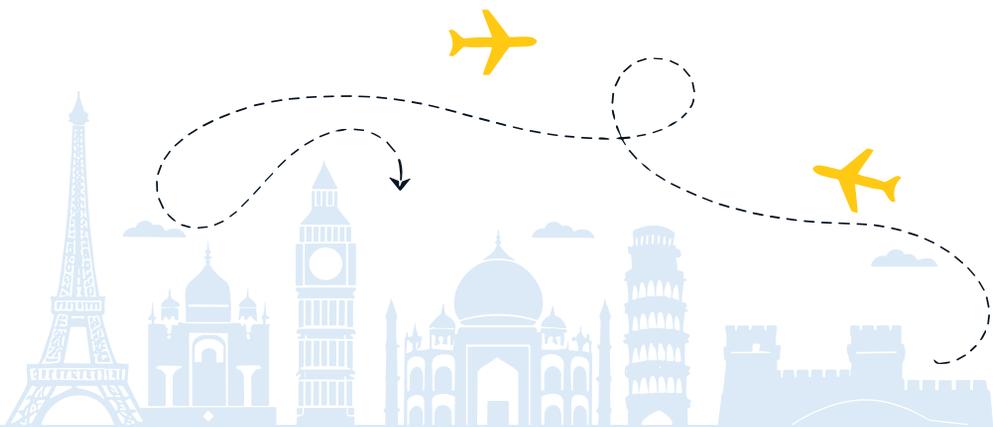
Operators

Yachts and aircraft will likely need professional operators to manage the day to day activities of the vessels. The choice of an operator is critical, and this decision would usually be made in tandem with the flag or registration choice. Choosing the right flag and registration jurisdiction matters for operational integrity. The right jurisdiction can provide easier access to airspace or territorial waters, less reputational and regulatory scrutiny and greater tax neutrality. It may not be the case that the yacht or aircraft is stored at the same location as you, so it is the operator's role to ensure that the vessel or aircraft is ready and waiting for you wherever and whenever you need it, with all landing and berthing fees paid etc.



How Jupiter Wealth can help

At Jupiter Wealth Advisors Limited, using our network of professional advisers, we can support our clients to make the right decision for their lifestyle and needs, simplifying the process and guiding them through the various steps involved. From helping with budgeting, cashflow analysis, sourcing of financing options, to structuring of ownership, Jupiter can help our clients navigate uncharted waters.



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