



## 2025 Yacht Buyer's Tax Brief

### Turning Yacht Ownership into a Strategic Investment

Buying a yacht is often seen as a luxury decision, but with the right structure, it can also become a savvy financial move. Thanks to current and new provisions in the U.S. tax code, yacht buyers in 2025 may be eligible to deduct a significant portion or even all of their purchase price — if the vessel is used in a Proper and Compliant business capacity.

At The Moorings, we help our clients navigate these opportunities in close association with true Maritime Tax Experts: In this brief, we'll break down how Section 179 and Bonus Depreciation work, what you need to qualify, and how you can make yacht ownership not only enjoyable but financially efficient.

### Understanding Section 179

Section 179 is a tax provision that allows businesses to deduct the full cost of certain qualifying equipment in the year it is placed into service. In 2025, this includes yachts that are used more than 50% of the time for business purposes — like being part of a managed charter fleet.

For the 2025 tax year, yacht buyers may deduct up to \$1,250,000 under Section 179. However, the deduction begins to phase out when the total value of purchased equipment exceeds \$3.13 million and is completely phased out at \$4.38 million. The deduction may be further or even completely reduced by Business Income Limitations.

To qualify, the yacht must be:

- Purchased and placed in service by December 31, 2025
- Used primarily for business (50% or more)
- Acquired through a valid business entity (LLC, S-Corp, or sole proprietorship). The decision of which state to locate the LLC is a very important issue with Tax consequences.

## Bonus Depreciation: Additional First-Year Write-Offs

In cases where the purchase price of the yacht exceeds the Section 179 deduction limit, Bonus Depreciation allows for further deductions. For 2025, and now Thanks to the new Tax Bill, businesses can deduct up to 100% of the entire cost of the Business Yacht as one of actually two (2) different choices

First of all, let's be very clear on what programs do and do not qualify for Bonus Depreciation. In every case, with proper construction and operation, Guaranteed Income (GI) programs qualify for all possible forms of depreciation, including both Section 179 and Bonus Depreciation, as discussed in this brief.

Again, with all the many choices here and all the Audit consequences, you are advised to receive Counsel, Information and Advice from Maritime Professionals.

Also please beware of non-tax professionals who are promising a specific actual reduction in Personal Income taxes based upon some formula they have devised. In fact, the mathematics vary greatly from Owner to Owner and the actual circumstances which are always different.

## If You Don't Use the Full Deduction

Even if you don't fully use Section 179 and Bonus Depreciation, the remaining value of the yacht can still be depreciated over time using the MACRS (Modified Accelerated Cost Recovery System). Yachts typically follow a 10-year schedule under MACRS, providing long-term tax advantages. Again, these very important choices must be made in the first year of Service so choose carefully.

## What You Need to Qualify

To ensure your yacht purchase meets IRS guidelines and qualifies for these deductions, here's what you need to demonstrate:

- **Business Use > 50%:** The yacht must be used primarily for qualified business activities, such as charters, promotional events, or operations meetings.
- **Active Participation:** IRS defines this as abiding by the Safe Harbor Rules, which include documented involvement in business operations, oversight, and material participation in relevant decisions. Do not be misled here.
- **Proper Documentation:** Charter logs, receipts, contracts, and activity logs must be maintained.

- **Business Structure:** You must own the yacht through a valid business entity like an LLC or S-Corp, again incorporated in a State that most benefits your situation.
- **Timely Placement in Service:** The vessel must be in service or have documentation proving intent to be placed in service by December 31, 2025.

Certainly personal use is allowed, provided it does not exceed business use and is carefully documented and the proper Checklists are observed.

## Revenue Potential & Additional Benefits

At The Moorings, we help clients offset ownership costs through our charter program. Yacht owners will earn regular and dependable income based on the location, size, and Cost of their vessel. This can help cover expenses such as loan payments that are the responsibility of the Yacht Owner as all other Expenses are paid in the Guaranteed Income program.

In addition to financial incentives, our owners enjoy:

- Guaranteed personal use weeks
- Priority scheduling and booking access
- Full-service yacht management
- Global charter reciprocity across our partner network which means you can travel to Croatia, the Bahamas and even Greece and use and enjoy sister-ships in these and many other destinations.

## Why The Moorings?

We bring experience, strategy, and personalized service to every client interaction. Whether this is your first yacht or your fifth, our team is here to ensure your ownership journey is smooth, compliant, and profitable.

We work closely with tax professionals and Marine Lenders to help you structure the purchase to align with your goals, both on and off the water.

## What to Do Next

1. Book a free strategy call – contact USCG Capt. Patrick Wehrly EA Admitted to Practice before the IRS 281-528-5760

2. Reserve your yacht – Inventory is limited. Contact Yacht Ownership at 1-800-521-1126
3. To take advantage of 2025 deductions, the vessel must be documented by December 31, 2025.

### Contact Information

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### Disclaimer

This material is for informational purposes only and does not constitute legal or tax advice. Please consult a licensed tax professional for guidance specific to your situation.