



Products: Jeanneau, (Sail/Power) Fountaine Pajot (Sail/Power), isara luxury catamaran, Hybrid Houseboats.

HOW TO CRUISE FOR LESS...

BOAT AS A BUSINESS™ WITH BAY YACHT AGENCY

As gratifying as yacht ownership is, for many people it costs more than they can comfortably budget, and, often, they don't have the time to do all of the routine maintenance & cleaning in order to keep the boat in the condition they would prefer. This is why our Boat As A Business™ program is a good option for reducing ownership costs. With the new tax laws currently in effect you will find that those costs can be even further reduced. You could own your yacht in ¼ of the time, for ¼ of the cost and your yacht could even become a part of your investment and retirement plans.

Bay Yacht Agency has developed a trademarked Yacht Ownership Program, called Boat As A Business™ that will dramatically reduce the costs of ownership by simply taking advantage of the current tax laws. This is a proven plan we have had in existence for over 35 years. It has helped over 680 people already.

You can legitimately divert some of the taxes that you're already paying to create equity in your new yacht. Buying a new yacht and placing it in charter service is an effective business tool provided the business is set up correctly and the operation structured to qualify for the tax benefits and remains in compliance going forward. All the experts agree that 2011 may be the best year ever to buy a yacht. We have applied the expertise of 100's of tax advisors, plus our own CPA to structure a program that complies with the consensus of these experts. In the few cases where a client was audited in the past (only 3 in the last 10 years!) for an unrelated incident, but the program was looked at, not a single dollar of what was claimed, was disallowed-- because the clients followed the guidelines that we will share with you.

In an effort to stimulate the economy, the U.S. Congress enacted The 2010 Tax Relief Act, which benefits businesses by increasing the 50-percent bonus depreciation deduction available previously to a 100-percent deduction for qualified investments (new boats), and increased the 179 expense allowance up to \$500,000 on amounts up to \$2 Million if made before January 1, 2012.

WHAT DOES THIS MEAN FOR YOU?

This is the perfect opportunity for anyone looking to buy a new yacht at a huge discount – a huge portion of the cost of a new yacht can be depreciated this year, with additional large deductions available, especially over the next 5 years, and you can even reach back and recover taxes paid in 2010, you can apply the deduction this year or carry it forward to 2012!

Congress has repeatedly increased the Sec. 179 deduction and investment limits to encourage spending by businesses. For tax years beginning in 2010 and 2011, the 2010 Small Business Jobs Act increased the Code Sec. 179 deduction and investment limits to \$500,000 and \$2 million, respectively. As a result, when you join our Boat As A Business™ plan you are now allowed to expense the purchase of up to \$500,000 in new and used assets placed in service during the tax year.



BAY YACHT AGENCIES TEAM OF SPECIALISTS, HAVE OVER 40 YEARS OF EXPERIENCE AND INCLUDE RECOGNIZED EXPERTS IN THIS FIELD.

We have the most complete program available to make it possible for you to qualify your yacht purchase to be eligible for this program. We provide boat buying information, management information and tax information. We don't beat around the bush or dodge the tough questions. We have experience you can rely on. We've conducted over 150 seminars on the program and helped over 680 people set their boat up as a business:

- We will work with you and your tax professional to qualify your yacht as a business to legitimately take advantage of tax deductions available to you. If you don't have a tax professional, or (s)he is not knowledgeable about this approach, we have specific white papers or a qualified CPA to offer advice to you or your tax advisor.
- Although Congress and the President are encouraging taxpayers to invest in new property purchases under these incentive provisions one should exercise care to ensure the deductions will stand scrutiny. Bay Yacht Agency experts together with your personal tax advisor will put your business on the right track from the outset and help you with the guidelines that work with the Coast Guard, the banks, the insurance companies, and the management companies..
- Although the acquisition of a new yacht may be an effective business tool, the tax benefits must be carefully planned, documented, and implemented and Bay Yacht Agency will assist you every step of the way.
- Bay Yacht Agency are dealers for some of the top brands in the world and we offer the added luxury of making it possible for you to place your new yacht into service at one of our Bay Yacht charter bases in:
 - Annapolis, MD
 - The Abacos in the Bahamas
 - Various Florida Locations
 - Various Caribbean locations
 - New England
 - The Great Lakes
 - California



IF YOU ARE A US TAX PAYER – AND ENJOY CRUISING AND YACHTING – THIS PROGRAM WILL WORK FOR YOU:

1. Bay Yacht Agency actively seeks innovative ways to help make yacht ownership more efficient, affordable and enjoyable.
2. When you set your yacht up as a business you qualify for tax advantages that can offset your ordinary income, we'll show you what they are and how they work.
3. We will discuss and plan your exit strategy and also options to upgrade to a bigger yacht.
4. Make your yacht part of your retirement plan – own your yacht outright at a fraction of the price in a fraction of the time.
5. We will explain what a charter management plan is and why the Boat As A Business™ plan will work for you.

HOW TO FIND OUT MORE...

3 easy ways...

1. Call, to make an appointment to drop by. 410-263-2311 (How to get here, below)
2. Fill out our form, and you will be linked to a sample, summary business plan, as well as white papers which explain various aspects of the program in detail. <http://www.bayacht.com/aaa/nl-artic/Confidentiality.htm>
3. Attend a seminar we conduct frequently. In our office in Annapolis, or via a live Webinar held in conjunction with our Saturday Webinar, or at most anytime we choose together. <http://www.bayacht.com/seminar.htm>

12 GOOD REASONS TO GO WITH BOAT AS A BUSINESS™

1. Your choice of locations or follow the sun—North in Summer, South in winter.
2. We can even show you how to have the boat at your waterfront home, or favorite sailing area and still use the advantages of our program.
3. Your choice of luxury boats, monohulls or catamarans, sail or power—the best, easiest to maintain yachts in the industry, from the most successful and experienced builders in the world.
4. You can set your boat up the way you want—set it up with an owner's style layout with a dedicated owner's cabin, choose the options you want. In many cases we install the equipment you want now, but also install the wiring, plumbing and other resources that enable you to easily add equipment (like a watermaker) when you convert your boat to personal use later. We look at how you want your boat now, and how you want it later.
5. Use your boat as much as you like. When it is set up as a business, most of your



expenses will become tax write-offs.

6. When you use your boat, it will be professionally maintained. You come down and the A/C will be on, ice in the refrigerator—just bring your duffel bag and provisions (or even ask us to provision it for you!)
7. You can swap seasons and use with other owners in the program in different locations.
8. Depending on your use selection, you may avoid sales and use taxes, and even duty.
9. No headaches or hassles - World class technical support at all our locations
10. Maintain resale value because your boat is configured as a private owner boat, professionally maintained to owner standards, not charter boat standards, and it is chartered less because you cover your costs with tax advantages and income, not just income.
11. You will have the most experienced company with a proven track record advising you every step of the way.
12. You may keep the boat in the program as long as you like, there is no limit because your boat is maintained like a private owner boat.

This is a management program not a charter company program (as you've probably figured out by now.) Because you qualify for tax benefits, you do not need to charter your boat out nearly so much to break even. When a charter company has to pay for the maintenance, they do as little as possible, and set much lower qualification standards (because the extra income goes to them!) Bottom line is that with our Boat As A Business™ program, your boat is nicer, maintained to owner's standards, offers more time for you to use it, and ends up being a nice owner's boat, or ideal boat for resale—whatever the exit strategy becomes.

This information is general in nature and purchasers are encouraged to seek experienced legal or investment counsel in yacht acquisition planning and implementation. Bay Yacht Agency is not a licensed Tax Attorney or CPA and is not qualified to give legal advice but we can put you in touch with experts who are.

INCOME-FLEX PROGRAM

Choose our Guaranteed income program, or our 70/30 Flex program.

Your planned use pattern and need for tax advantages will help us advise you on the flexible choices you have with our Boat As A Business™ plan.

FOR MORE DETAILED INFORMATION AND A CONSULTATION



Chris Bent

with a licensed tax professional call Eric Smith, or Chris Bent at 410-263-2311 or email esmith@bayacht.com

See what our clients say here:

<http://www.bayacht.com/resource/password/Insider/testimonials.pdf>

Or come visit our convenient office, “On the harbor, Annapolis—America’s Boating Capital.



Eric Smith



We have the boats right at our docks (Most other companies don't), plus, within 10 minutes of our office you can see the models offered by virtually any other manufacturer or 100's of used boats. Annapolis is truly the

boating Mecca of America, and we're smack in the center of it. No other company has more resources so centrally located.

INSTRUCTIONS TO GET TO OUR LOCATION.

Call Bay Yacht Agency: 410-263-2311 or follow this link:
<http://www.bayacht.com/resource/Getting%20here.pdf>



Physical address: 2nd and Spa Creek. For GPS use the Chart House Address (at the entrance to our driveway) 300 Second St, Annapolis, MD 21403

Our Annapolis Charter Management location, Let's Go Cruising, is adjacent.
410-263-181



NEWS ALERT

Oct 20, 2011 Important 4th quarter tax planning implications. Both the 'Tax Relief Act of 2010' as well as the 'Jobs Act of 2010' that passed in late 2010 affected Section 179 in a positive way for this 2011 tax year. The newest changes are as follows:

The Section 179 Deduction limit increased to \$500,000. The total amount of equipment that can be purchased increased to \$2 million. This includes most new and used capital equipment, and also includes certain software.

"Bonus Depreciation" increased to 100% on qualified assets. However, this can be taken on new equipment only.

When applying these provisions, Section 179 is generally taken first, followed by Bonus Depreciation – unless the business has no taxable profit in 2011

NOTE: We will discuss some of the practical implications of these new laws. In many cases when you consider your income, tax bracket and exit strategies it will be prudent to take some percentage of these advantages and in some cases they can be carried back, or forward,

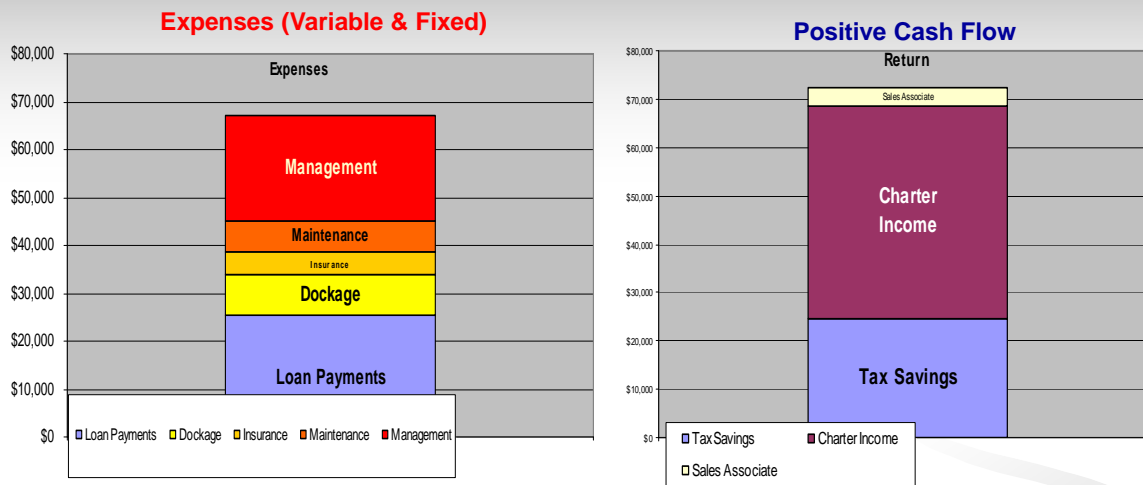
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Basically, How Does the Plan Work?

With your boat as a business, loan payments and operating costs (negative cash flow) are offset by real tax savings and income!



Our Goals are Simple...

- Income and tax advantages offset costs
- You have the boat you want with no hassles
- You build equity using tax savings

Note: These tax advantages pass through to you personally and offset ordinary income!