

## Registration in the Commercial Yacht Registry

A Commercial Yacht Registry is fully operative in Malta. Registration of a yacht under the Commercial Yacht Registry carries various benefits, including:

- No tax levied on any income derived from the use of Commercial Yachts.
- Several VAT refunds in respect of purchases made (e.g. equipment).
- Duty free bunkers.
- Proof that the yacht is fit for commercial chartering – possibility of enrolment with major chartering companies.

To register with the Maltese Commercial Yacht Registry a yacht must be certified as compliant with the Commercial Code of Practice relating to the Construction, Equipment and Operation of a Commercial Yacht (also known as the Commercial Yacht Code).

Yachts can either be built from scratch in accordance with the specification of the Code, or can be modified to satisfy the requirements of the Code.

Our Marine-Legal Service Department works hand in hand with a Government-recognised surveyor who can certify or provide professional guidance as to what changes are necessary for compliance certification. In the case of a new-build, they can ensure that the yacht is built according to the Code's specifications.

When a yacht satisfies the requirements of the Commercial Yacht Code, the Surveyor prepares a report to this effect, to enable the registration of the yacht with the Commercial Yacht Registry.

Upon presentation of the survey, the Maritime Authority issues a Document of Compliance stating that the Yacht is compliant with the Commercial Yacht Code. The vessel is then granted an operational certificate of registry.

Depending on the yacht's length and tonnage, statutory safety certificates may have to be submitted to the Malta Maritime Authority prior to obtaining an operational certificate of registry.

By virtue of the Resident Agency Scheme a yacht can be registered in Malta in the name of a foreign company. A Maltese company does not need to be registered in Malta in order to register a commercial yacht. Mamo TCV can act as your resident agent in Malta.

Please contact us for specific information as to the process of registration and certification of a commercial yacht.



## Financial Leasing – Reduced Payment of VAT

The Maltese VAT Department has introduced a particular incentive to prospective yacht owners known as the 'Financial Leasing Scheme'. Under this scheme the prospective owner of the yacht sets up two companies in Malta. The first company, 'the Lessor', grants the vessel on lease to a second company 'the Lessee'. At the end of the lease term, the lessee assumes ownership of the vessel.

VAT is charged as part of the letting fee over the period and remitted to the VAT Department. When all due payments of VAT are made, the VAT department issues its certificate stating that VAT has been settled in Malta.

### HOW IT WORKS:

1. A lessor company is registered by us on the owner's behalf in Malta
2. A lessee company is then set up and a VAT number is applied for
3. The lessor company grants the yacht on lease to the lessee company. As part of the letting fee the lessee company will pay rent dues for every month during the duration of the lease (which can be between one to three years). VAT at the reduced rate is paid over each monthly rental fee
4. At the end of the duration of the lease, the vessel is transferred in full ownership to the lessee company by the lessor company, and registered in the name of the lessee company
5. A VAT-paid certificate is then granted upon payment of VAT dues in accordance with the scheme. As a result, throughout the period of the lease agreement the vessel would have obtained free circulation within EU waters.

## Reduced VAT Rates

Sailing boats or motor boats over 24 metres in length	VAT at 5.4%
Sailing boats from 20.01 to 24 metres in length	VAT at 7.2%
Motor boats from 16.01 to 24 metres in length	VAT at 7.2%
Sailing boats from 10.01 to 20 metres in length	VAT at 9%
Motor boats from 12.01 to 16 metres in length	VAT at 9%
Sailing boats up to 10 metres in length	VAT at 10.8%
Motor boats from 7.51 to 12 metres in length (if registered in the commercial register)	VAT at 10.8%
Motor boats up to 7.5 metres in length (if registered in the commercial register)	VAT at 16.2%

Kindly contact us to obtain specific information about Financial Leasing in Malta.

## Registration of Commercial Vessels in Malta

1. Registration of a Commercial Vessel is quick and relatively straightforward.
2. A Vessel can either be registered in Malta in the name of a Shipping Organisation set up in Malta or registered in the name of a foreign owner by virtue of the Resident Agency Scheme.
3. A vessel can be provisionally (and operationally) registered under the Malta Flag by:
  - i. Filing an application containing details of the vessel and a declaration (on a standard form) stating the details of the vessel and that the above-mentioned Maltese company is the owner of the vessel.
  - ii. Filing an application for a Safe Manning Certificate.
  - iii. The Registrar of Shipping also requires direct confirmation from the vessel's classification society that the vessel is classed and in possession of valid and unexpired safety certificates (i.e. safety radio, safety construction, safety equipment and load-line certificates). If the certificates have expired, the vessel will be registered on confirmation that it is classed but the certificate of registration will not be released until the classification society confirms that the certificates have been renewed and are in order.
  - iv. Filing a copy of the International Tonnage Certificate of the vessel.
  - v. If the vessel is a Cargo/Bulk carrier, Passenger vessel or Tanker, a copy of the Ship Management Certificate and a copy of the Document of Compliance of the Managers have to be filed. As from 1 July 2002, the International Safe Management (ISM) Code for the Safe operation of Ships and for Pollution Prevention adopted by IMO Resolution A. 741 (18) became mandatory for all ships of 500 gross tons and upwards in terms of Chapter IX of the 1974 International Convention on the Safety of Life at Sea.
  - vi. Following the introduction of the Ship's Security regulation which entered into force on 1 July 2004, we have to file (at the Malta Maritime Authority) a copy of the ISSC (International Ship Security Certificate).
  - vii. The transfer of all funds relative to the registration.

Following provisional operational registration, the necessary documents (i.e. bill of sale, deletion certificate etc.) have to be filed within six months in order to effect permanent registration. There is ample time for this purpose and further details will be given to you on delivery of the provisional certificate of registration of the vessel.

In the case of a newly-built vessel, it is sufficient to obtain a Builder's Certificate which indicates the proposed new Owner.

## Using the Malta Flag – Benefits

1. No income tax is levied on the income of Ship Owning Organisations in Malta, provided the vessels owned are registered under the Malta Flag.
2. By virtue of tailor-made ownership structures dividends paid to shareholders of Ship Owning organisations are not subject to tax.
3. Possibility of incorporating special-purpose companies for managing vessels registered under the Malta flag. Such companies are subject to reduced rates of income tax.
4. Efficient services provided by the Merchant Shipping Directorate of the Malta Maritime Authority.
5. Possibility of registration of vessel (Provisional Non-Operational Certificate) whilst still under construction, with consequent possibility of registration of mortgages thereon.
6. Fast crew-acknowledgement certification process with STCW endorsements processed within a maximum period of three months from acknowledgement.
7. Possibility of Bareboat-In Registration, (all tax benefits apply).
8. Possibility of having an underlying registry in Malta with bareboat registration (Bareboat-Out) in any other registry, (all tax benefits apply).
9. Ship Finance Transactions: Various possibilities of securitisation including special tailor-made finance structures depending on the case at hand.
10. Mortgage Registration: Quick and efficient; in view of the fact that mortgages are executive titles, they are enforceable without recourse to local courts.

Please contact us for specific information as to the process of registration of vessels under the Malta Flag.

OFFERING A COMPLETE LEGAL SERVICE TO THE SHIPPING COMMUNITY

## Areas of Specialisation

- Ship & Commercial Yacht Registration
- Ship & Commercial Yacht Administration
- Ship & Yacht Ownership and Tax Planning Schemes
- Mortgage Registration
- Assistance in Ship/Yacht Sale and Purchase
- Ship Arrest and Injunction Procedures
- Marine and Marine Cargo Litigation



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