



Ship Registration under the Maltese Flag

Nowadays, commerce still remains reliant on the high seas, and Malta's response to this effect was a thorough investment in the niche of shipping registration, to such an extent that it presently ranks amongst the first maritime states regarding this area.

As a jurisdiction, Malta offers numerous advantages which span from relatively low registration costs to tax exemptions, as well as a total relaxation of rigid restrictions of laws related to mortgaging thereof. Similarly, registration criteria cater for an all-inclusive situation of vessel types, provided such are wholly owned by Maltese/ EU/ EEA/ Swiss nationals or body corporates, provided that non-resident entities shall appoint a Resident Agent. Non Maltese/ EU/ EEA/ Swiss nationals may also register their vessel under the Malta Flag, provided this is held through a body corporate. There are also no restrictions on nationality of the master and crewmen, provided they are certified according to Maltese law. Registration provides for certain indispensable inspection requirements which however ensures compliance with safety and international maritime regulations. The Maltese Ship registry also allows for the advantage of registering of vessels which are not strictly considered as ship, such as oilrigs, platforms and barges and for registering vessels/ hulls under construction and also permits mortgages thereon.

Vessels flying the Maltese flag are subject to the Maltese Merchants Shipping Act and subsidiary legislation enacted there under, as well as all the major international conventions which have been ratified by Malta.



Tax Benefits

The fiscal benefits which may be availed of by Maltese shipping companies are numerous. To list a few:

- ▶ No income tax shall be due on the income of the shipping organisation which was derived from shipping activities, within the terms of the Tonnage Tax Regulation;

- ▶ No income tax shall be due on any income, profits or gains of a shipping organisation from the sale or other transfer of a tonnage tax ship which was acquired or sold under the tonnage tax system or from the disposal of any rights to acquire a ship which when delivered or complete would qualify as a tonnage tax ship, within the terms of the Tonnage Tax Regulation;

- ▶ Attractive exemptions in terms of the Tonnage Tax Regulations available to Ship Management Companies;

- ▶ Dividends which are distributed to shareholders of Maltese shipping companies are exempt from tax;

- ▶ Qualifying ancillary services related to Shipping Organisations may also be exempt from tax.

Ship Registration Procedure

Procedure-wise, the Maltese Merchant Shipping Act caters for a provisional registration of six months (which is extendable to a further period of another six months) in order to allow a leeway for any pending documentation to be tied up. As per the provisions of the law, provisional Registration includes amongst others and depending upon the type of vessel to be registered, documented proof of seaworthiness, certificate of tonnage in order to attest that the vessel has been surveyed as per Maltese regulations, proof of qualification to own a Maltese vessel and a declaration of ownership made by the owner before the Registrar. In order for permanent registration to take effect, further documents have to be submitted pending the provisional registration, and thus, a builder's certificate, or if there has been any sale, the bill of sale; evidence satisfactory to the registrar that any foreign certificate of registry of the ship, or equivalent documents, has been legally cancelled or the registry has been duly closed; an International Tonnage Certificate confirming that the vessel has been inspected as per Maltese regulations; and a crew list. Furthermore, the registry of a Maltese ship may be closed at the request of the owners provided all liabilities and obligations in respect of the ship towards the State of Malta have been paid and the consent of all registered mortgagees is produced.

Mortgages

Maltese law also allows a Maltese registered vessel to be used (upon registration) as a security for debt and the local laws have been streamlined to better adapt to the numerous mortgages used as securities. Moreover, foreign mortgages are also recognized and are treated tantamount to a Maltese one if the following criteria are met, and thus: if such is registered in a public ship registry under whose laws the vessel is documented, if the mortgage appears upon a search of the same registry and if the foreign mortgage is treated similarly to a Maltese mortgage under the laws of the country where it is registered. Salient features which characterize a Maltese mortgage include, apart from an exemption from document duty thereon, a thorough protection to the mortgage and a high-ranking priority amongst the list of debts. Moreover, if registered, a mortgage attaches to the vessel, irrespective of any subsequent transfer thereof. Registration and any ensuing discharge of mortgages is executed with immediate effect upon presentation of the relative documents to the Registrar.

Bareboat Charter Registration

Bareboat charter under Maltese law comprises a scenario of registering both Maltese ships under a foreign flag and foreign vessels under the Malta flag, both situations of which encompass the same rights and obligations.

Under Maltese law, the requirements for bareboat charter registration are:

- (a) the ship is bareboat chartered to a citizen of Malta, or to bodies corporate;
- (b) the ship is not a Maltese ship, and is registered in a compatible registry;
- (c) is not registered in another bareboat charter registry; and
- (d) documents are submitted to the registrar including:
 - (i) an application for registry by the charterer;
 - (ii) a declaration of bareboat charter made by the charterer accompanied by a copy of the charter agreement;
 - (iii) a transcript or an extract of the underlying registration of the ship which shall include a description of the ship, the owners and, where applicable, all registered mortgages and encumbrances of the ship; and
 - (iv) the consent in writing for the ship to be bareboat charter registered in Malta of the appropriate authorities of the underlying registry, the owners of the ship and all registered mortgagees.



Advantages of registering Vessels under the Maltese Flag

- ▶ Malta is a member of the EU having fiscal and social stability.
- ▶ Ships may be registered in the name of legally constituted corporate bodies or entities irrespective of nationality, or by European Union citizens.
- ▶ Competitive costs for company formation.
- ▶ Competitive ship registration fees.
- ▶ Attractive tonnage tax regulations, including progressive reduction in registration and tonnage tax costs for the benefit of smaller ships.
- ▶ Attractive incentives to owners, registered charterers and financiers of Maltese ships of over 1,000 net tonnage; these incentives may also be extended to smaller ships
- ▶ Malta is an international maritime centre providing the whole range of maritime

The Flag of Confidence

- ▶ Flag state inspectorate to ensure adherence to international standards
- ▶ Malta offers 24/7 service in respect of urgent matters
- ▶ Sound multilateral and bilateral relations
- ▶ The Malta Flag features on the White list of the Paris MOU.
- ▶ Maltese Ship Registry is the largest Registry in the EU and 6th worldwide
- ▶ Malta enjoys a high reputation as an International Centre of Excellence
- ▶ The Maltese Flag has no trading restrictions.
- ▶ Enjoys preferential treatment in certain ports

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