

## Registering a Marine Vessel in the Isle of Man

The Isle of Man Ship Registry, which is part of the Island's Department of Trade and Industry and British Red Ensign Group, was established in 1984. Since then it has developed into an independent quality international register dedicated to the maintenance of high standards and service in the operation of marine vessels registered under the flag.

Other jurisdictions which fly the Red Ensign include Bermuda, Cayman Islands, Falkland Islands, Gibraltar, Guernsey and the British Virgin Islands.

The Isle of Man (IOM) has locally based expertise in:

- Ship Management
- Ship Finance
- Marine Insurance
- Maritime Law
- Trust & Company formation with maritime experience

The IOM Ship Registry is staffed by a professional team of experienced surveyors and is able to provide:

- 24 hour availability of senior staff by phone
- Fast response to queries
- Immediate friendly advice on complying with all aspects of the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Regulations for Avoiding Collisions at Sea (COLREGS), the International Ship and Port Facility Security (ISPS) and the International Labour Organisation (ILO) etc
- A dedicated surveyor

- Support for ships treated unfairly by Port State Control

### The registry procedure

Staff at the Isle of Man Ship Registry will complete registry transactions at any time of the day or night in order to match with local time at the place of completion.

The Register is made up of the 'Main Register', the 'Demise (Bareboat) Charter Register', the 'Fishing Vessel Register' and the 'Small Ships Register'. This information sheet is concerned with the 'Main Register' and the 'Demise (Bareboat) Charter Register'.

Demise (Bareboat) Charter Registration provides a flexible package including:

- Mortgaging facilities
- The possibility of taking advantage of other national laws which may permit tax advantages
- A renewable five year registry period
- Security of title and charges registered in the Isle of Man with operational jurisdiction elsewhere (Demise Out). This option allows owners to operate the ship under another flag to suit local requirements or specific charter requirements.
- The ability to retain registry of title and charges in a chosen jurisdiction, other than the Isle of Man, with the ship flying the IOM flag and certificated as an IOM ship (Demise In). This allows owners to satisfy any demands from finance lenders as to registry of title and charges but still enjoy the benefits of flying the Isle of Man flag

### Qualified Owners

Isle of Man (Manx) registered ships are British ships, but under the separate jurisdiction of the Isle of Man Ship Registry. As British ships, the Merchant Shipping Act requires that the owner must be a 'Qualified Owner'. To qualify as a British ship and a

qualified owner the majority interest in the ship (at least 33 out of 64 shares) must be held by one of the following:

- A company incorporated in the Isle of Man and having its principal place of business in the Island (there are no nationality requirements for ownership)
- A company incorporated in the UK, the Channel Islands, or any British Dependent Territory (see Table 1) and having its principal place of business in any such territory
- A company incorporated in a member state of the European Union or in a European Economic Area Country (see Table 2) and having its principal place of business in any such country
- A Limited Partnership established and registered in the Isle of Man in accordance with the Partnership Act 1909 and the International Business Act 1994, and in certain prescribed countries
- A British citizen, a British Dependent Territories citizen (see Table 1), a British overseas citizen, a British subject under the British Nationality Act 1981, or a British National (Overseas)
- A citizen of a member state of the European Union (EU) and European Economic Area (EEA) Countries (see Table 2)
- The remaining minority interest (not more than 31 out of 64 shares) may be held by any other person.

**Table 1: British Dependent Territories**

|  |   |
|--|---|
| Turks and Caicos Islands                     | Anguilla                                      |
| St Helena and Dependencies                   | Bermuda                                       |
| British Antarctic Territory                  | Gibraltar                                     |
| British Indian Ocean Territory               | Montserrat                                    |
| Cayman Islands                               | Pitcairn Islands                              |
| Falklands Islands                            | BVI   |
| South Georgia and the South Sandwich Islands | Sovereign base areas of Akrotiri and Dhekelia |

**Table 2: Member States of the EU & EEA Countries**

|                |         |           |          |
|----------------|---------|-----------|----------|
| Liechtenstein  | Ireland | Iceland   | Portugal |
| Luxembourg     | Finland | Lithuania | Slovakia |
| Belgium        | France  | Austria   | Slovenia |
| Netherlands    | Germany | Malta     | Spain    |
| Czech Republic | Greece  | Cyprus    | Sweden   |
| Denmark        | Hungary | Poland    | UK       |
| Bulgaria       | Italy   | Latvia    | Norway   |
| Romania        | Estonia |           |          |

### **Main Register and Bareboat (Demise) Charter Register Procedures**

For a ship which is either newly constructed or is transferring from another flag the procedure is simple.

The owner or his representative should apply in writing to the Registrar of Ships. This allows the owner to specify his preferred name for the ship and any alternatives should his preferred choice be unavailable.

There are four ports of registry in the Isle of Man and ships, from any of the registers, may be registered in any one at the owner's preference. The options are:

- Castletown
- Douglas
- Peel
- Ramsey

The owner or his representative should provide:

- A certificate of survey, which is issued by the ship's classification society and sets out the basic identifying parameters of the ship
- A copy of the company certificate of incorporation when the vessel is owned by a company
- Details of the partnership and proof of incorporation when the vessel is owned by a limited partnership
- Declaration of ownership
- Evidence of title of ownership (prior to registry)

- Deletion certificate or closed transcript from the other registry before final registry in the Isle of Man when the vessel is registered under another flag
- An Isle of Man approved ship manager or establish his own office in the Isle of Man having responsibility for the ship

Arrangements should also be made with the Ship Radio Licensing Section for the issue of a Radio Call Sign and Maritime Mobile Service Identity (MMSI) number and with the Ship Registry for a surveyor to inspect the ship prior to registration. This will determine whether the ship complies with MARPOL in respect of safety, prevention of oil pollution and manning.

### **Procedures to be undertaken on the ship**

Once the application is made the registrar will issue a 'Carving and Marking Note', which sets out the ship's official name, her official port of registry and her official number.

Any documents executed outside the UK must be notarized and once the ship is registered in the IOM that registry is permanent until the owner chooses to register elsewhere, or the ship is deleted from the register.

### **General procedures for placing a ship on the Isle of Man (Manx) register**

Other than the procedures for registry it is an absolute requirement that every ship proposed for registry is visited by an Isle of Man surveyor prior to registry. The attending surveyor is required to report on the ship's suitability for registry in the IOM to the registrar.

The initial request should be followed up by a copy of the ship's general arrangement plan, copies of her existing statutory certificates and proposed manning scales for the ship with clarification of how the

proposed scales meet the hours of rest requirements.

### **Initial Inspection**

This will take between one and two days and will cover:

- The general condition of the ship
- An internal check on selected tanks
- Safety equipment
- MARPOL compliance
- International Safety Management (ISM) compliance
- Crewing, manning and certification and capability of the crew
- Crew accommodation standards
- Crew welfare and working conditions

### **Following inspection and registry**

The surveyor will prepare all the necessary certificates for the ship and courier them to the port where the actual change of registry is to take place.

However, inspection and registry can be completed at the same time. In this case the surveyor will confirm to the registrar that the ship is suitable and he will then date and hand over the certificate of registry as soon as he receives confirmation that the registry transfer process is complete.

Following registry the IOM Ship Registry will send a surveyor to visit the ship at 2½ yearly intervals.

At the 2½ yearly visits the attending surveyor will:

- Complete an International Safety Management (ISM) audit and issue any necessary Safety Management Certificate (SMC)
- Complete a general inspection
- Complete an inspection of crew accommodation, welfare and working conditions in accordance with ILO 178 and issue a report

### **Port State Control**

The Isle of Man flag is highly regarded by the world's Port State Control. Should a ship be detained by Port State Control, the owner or manager must notify the Ship Registry and if it considers the detention is genuine, will send a surveyor to investigate the matter. The costs of this visit will be borne by the owner or manager.

However, should the Ship Registry consider the detention is unwarranted it will take up the matter with a view to having the detention record removed.

### **Ideal for ship management**

The Isle of Man provides a convenient base for ship management operations, due to:

- Low operational costs
- No tonnage tax
- No annual fees
- Low registration fees irrespective of vessel size
- Zero rate of corporate tax
- Same time zone as the UK and never more than one hour different from Europe
- Easy transport links by both sea and air
- High quality of life with a relaxed island location
- Exceptional telecommunications links to the rest of the world
- Ease of facility to conduct business in other shipping centres of Europe
- Offers highly specialised services that are associated with a reputable and dynamic offshore jurisdiction

### **What ILS can provide**

- Structuring/establishment of the corporate vehicle to hold the vessel
- Representative manager for the vessel
- Officers of the company, subject to restrictions
- Statutory certificate of yacht registration
- Assistance with VAT registration
- Establishment of bank accounts

- Preparation of operating agreements
- Arrangements for settlement of accounts in respect to survey and registration
- Administration

*Please note that ILS Fiduciaries (IOM) Limited does not offer tax advice. If you are not professionally qualified to give tax advice, we will be happy to make an appropriate introduction.*