

Pleasure Yacht Registration under the Malta flag

Malta is continuously establishing itself as a flag of choice within the pleasure yacht sector. Various factors have contributed to this but by and large it comes down to the efforts of Transport Malta. Yacht owners the world over obtain the peace of mind they so desperately require when registering some of their most prized possessions. Ironically enough, the problems afflicting some EU countries has helped Malta, whilst Croatia's accession into the EU next year has also meant that Croatian owners have begun looking for the best way to pay VAT on their yachts. Furthermore, the registration of a pleasure craft is a far less daunting task than often thought. As is clearly visible throughout the following article, the registration of a pleasure yacht under the Malta flag is in fact extremely straight forward.

Eligibility under Malta flag

A pleasure yacht can be registered under the Malta flag provided that it is wholly owned by either citizens of Malta or European citizens or bodies corporate established under the subjects of the Laws of Malta or Foreign corporate bodies or entities, in accordance with Merchant Shipping Act and the relevant subsidiary legislation.

Registering a yacht under the Malta flag, through a special legal entity, commonly referred to as the Maltese shipping company, provides numerous advantages to the yacht owner. The setting-up of a Maltese shipping company is fast and less onerous than incorporating companies under different legal regimes within Malta. Following the incorporation of the Maltese shipping company, the necessary purchase takes place and the company becomes direct owner of the yacht. This type of company setup is a flexible legal entity which is allowed to carry out shipping activities, which include the owning and chartering of a yacht amongst other ancillary activities. It is important to note that with regard to the chartering activities other legislation must be borne in mind.

In the case of registering a yacht under the Malta flag in the name of an EU citizen or a foreign corporate body or entity, a Resident Agent must be appointed to act for and on behalf of the EU citizen or the foreign corporate body or entity, as the case may be.

Registration Procedure

The registration under the Malta flag takes place in two stages. The first step is the provisional registration, whereby a provisional certificate of registration valid for six months (extendible for a further period or periods not exceeding in the aggregate six months) is issued by the Registrar of Ships. For such provisional registration, certain documents must be filed with the Merchant Shipping Directorate within Transport Malta (TM). These documents include:

- i. A Power of Attorney to register the yacht as a pleasure yacht under the Malta Flag;
- ii. The Application for Registry, duly completed;
- iii. A copy of the International Tonnage Certificate (applicable for yachts over 24m in length);

iv. A declaration of ownership made before the Registrar by the owner or authorised representative upon delivery of the yacht to the new owner.

Upon provisional registration, registration fees and the first year's annual tonnage tax must be settled with TM.

During the period of provisional registration, the yacht owner needs to have the yacht surveyed for the issuance of the certificate of survey. Such survey is undertaken by a Maltese Government-appointed surveyor or alternatively by one of the recognised classification societies.

In order for the permanent registration of the yacht under the Malta flag to be completed, the following documentation would need to be filed with the Merchant Shipping Directorate:

- i. Builder's certificate (if the yacht is new or has never been registered anywhere previously);
- ii. A bill of sale (if applicable), evidencing the ownership of the yacht;
- iii. Cancellation certificate from the previous flag (if applicable);
- iv. Carving and Marking Note duly completed;
- v. An International Tonnage Certificate (ITC 1969) and a Certificate of Survey if the yacht is over 24m in load line length in terms of Art. 2(8) of the Load Line Convention. If the yacht is less than 24m in load line length, a certificate of survey (tonnage measurement) is required;
- vi. Return of the original provisional certificate.

When all of the above is submitted and proof of ownership is established, a Certificate of Registry is issued by the Registrar of Ships valid up till the first anniversary year of the yacht. A Certificate of Registry is subject to renewal on the anniversary of the registration of the yacht.

Advantages under Malta flag

Registration of yachts under the Malta flag offers several advantages, the most notable being the Maltese legal system, which has developed a very suitable and highly developed structure to offer an efficient registration process through the enactment of various legislation and ratification of the major IMO conventions. This is complimented by other important factors such as low yacht registration and annual fees, no age limit for the registration of a yacht, low company formation costs, no restrictions on the nationality of the yacht owner, reduced VAT rates depending on the size and type of the yacht and all regulated by EU norms and standards.

Quality and Value

Malta continues to solidify its position in the maritime realm and today its reputation precedes it. The Malta maritime flag is well and truly a flag of confidence amongst yacht owners, which provides a sense of stability and safety whilst maintaining quality and value.

This article was published by Charles Caruana on Monday in October 2012.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.