



**Shipping and Yacht
Registration and Management**

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Isle of Man



Shipping and the Isle of Man

The Advantages

Marine Administration forms part of the Isle of Man's burgeoning finance industry which includes banking, trust and fund management, insurance, assurance and E-Commerce. The Isle of Man is one of the most respected offshore jurisdictions and is widely regarded to be the best regulated.

For example:

- ⊕ **One-off Low Initial Registration Fee**
The only fees charged by the Marine Administration are those relating to registration, survey and certification of ships and are set at levels intended only to recover the administrative costs involved.
- ⊕ **No Annual Tonnage Fees**
There is no additional registration tax or tonnage fee levied on Manx registered shipping.
- ⊕ **Favourable Taxation Status and "Tax Holidays"**
Exempt status, or zero rate taxation, is available for ship ownership and ship management. Recent Isle of Man tax rules allow shipping companies to apply for "tax holidays" of up to five years. During the "holiday period" all or part of their profits or income will be exempt from tax. Existing legislation already provides for temporary tax exemptions. This means that an owner, manager or other shipping operator moving to the Isle of Man can operate tax free while establishing a new operation.
- ⊕ **A Flexible Approach to Manning**
A flexible approach to manning arrangements is in operation whilst high standards are maintained.
- ⊕ **Government Sponsorship**
Isle of Man Government is available for trainees to serve on Manx ships.
- ⊕ **Effective Vehicles for Ownership**
There are several corporate entities which are capable of use in tax planning structures (See next page)



Shipping Services

Service includes the production of timely management information, financial reporting and budgetary management. We are able to tailor our package to suit the individual needs of our clients in this competitive and demanding field. We will provide advice on the most effective corporate entities for use in tax planning, including:



International Company

The legislation provides for a flexible rate of taxation which is chargeable according to the specific requirements of the International Company. This can range from a minimum rate of 1% to a sliding scale maximum of 35% of accessible profits, subject to a minimum Income Tax charge of £1,200 per annum.



Tax Exempt Company

The concept of the Exempt Company is retained within an International Company but the latter is to offer greater flexibility amongst other advantages. The income for the company must originate from outside the Isle of Man, except bank interest. The company must be beneficially owned by a non-Isle of Man resident and at least one director and company secretary must be resident in the Island.



International Limited Partnership

An ILP permits more than twenty partners, some or all of the partners may be companies. The general partner is an Isle of Man resident company and the limited partners reside outside the Isle of Man. All income must be derived from outside the Isle of Man or from transactions with International Companies and other International Limited Partnerships. A limited partner in an ILP is exempt from liability to Isle of Man Income Tax.



Resident Company

An Isle of Man Company which does not qualify as an Exempt Company or an International Company will be taxed as a Resident Company. Taxable profits are based on total world income less allowable donations. Benefits include generous capital allowances and government grants for approved manufacturing companies.



Tax Exempt Trust

An Isle of Man Trust set up under Manx law, and is managed and controlled from the Island, has no liability to Manx tax if all trust income originates from outside the Isle of Man except bank interest. By concession there is no Manx tax charge on approved bank interest arising in the Isle of Man.

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Yacht Services

Although yachts have been registered on the Island for many years the Isle of Man Government has recently begun to promote the Island as a safe, secure and beneficial base for yacht registration.

Yachts share many of the benefits of the Shipping Register and in addition the owner has the benefits of:

- ▶ An efficient, effective and fast registration process
- ▶ Security of mortgages registered on the Island
- ▶ The prestige attached to the British Red Ensign which Manx registered yachts are permitted to fly

Ernst & Young's comprehensive range of yacht services include:

- ⊕ Incorporating new companies or selling shelf companies to own the vessel
 - ⊕ Providing directors to act on behalf of the Isle of Man company
 - ⊕ Providing administration services to manage the Isle of Man company and maintain the company bank accounts
 - ⊕ Applying for yacht registration in the Isle of Man, BVI and the UK
 - ⊕ Liasing with the maritime authorities
 - ⊕ Liasing with insurers and arranging the insurance for the yacht
 - ⊕ Setting up satellite systems and radio accounts for the yacht
 - ⊕ Paying invoices related to the yacht and crew salaries from the company's bank account
 - ⊕ Dealing with insurers in the event of a claim being made
 - ⊕ Providing tax planning advice
 - ⊕ Providing VAT advice and obtaining VAT paid certificates
 - ⊕ Providing/preparing charter agreements
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