

## The Malta International Ship Register

Malta has a centuries old maritime tradition. The strategic location of the Maltese Islands at the heart of the Mediterranean, with its natural harbours and the skills of its people have contributed to making Malta a recognised international maritime services centre with a reputable open ship register.

### Legal background

The Maltese Merchant Shipping Act is principally based on UK legislation. It regulates, *inter alia*, the registration of ships in Malta. The Act is revised and amended to embody norms included in international conventions and is a comprehensive law dealing with mortgages, conditions of employment, safety rules, wreck and salvage, liability of ship owners, etc.

### Ship Registration

Ship registration and ancillary services is the responsibility of the Merchant Shipping Directorate of the Malta Maritime Authority.

All types of vessels used in navigation, whether self propelled or not, including barges, pontoons, oilrigs and similar vessels (but not vessels propelled by oars), including also vessels under construction, may be registered in the Maltese international ship register.

Such vessels may be owned, operated (under charter or otherwise), managed and administered by citizens of Malta or the EU, by a Shipping Organisation, be they bodies corporate (including limited liability companies) registered in Malta, partnerships *en nom collectif* or *en commandite*, trusts (regulated or recognised by the Maltese Trusts and Trustees Act) and foundations or bodies corporate (or other entity with legal personality) established under foreign law, which have established a place of business in Malta.

Ships that are 15 years or older, but less than 20 years, are required to pass an inspection by an authorised flag state inspector before or within one month of provisional registration.

Ships that are 20 years or older, but less than 25 years, are required to pass an inspection by an authorised flag state inspector before being provisionally registered.

Trading ships that are older than 25 years are normally not registered.

### Advantages of the Malta flag

The advantages of the Malta flag includes:

- Low costs for company formation and administration, ship registration and tonnage tax

- Tax exemptions and benefits for owners, operators, charterers and financiers of ships flying the Malta flag
- No restrictions on the nationality of masters, officers and crew
- No restrictions on the sale and mortgaging of Maltese ships

### **Tonnage Tax regime**

A Tonnage Tax Ship is either a ship which is declared to be such by the Minister responsible for shipping, or a ship of not less than 1,000 net tons which is entirely owned, chartered, managed, administered or operated by a Shipping Organisation.

A Shipping Organisation qualifies as such if its principal objects relate to the ownership, operation (under charter or otherwise), administration and management of a ship or ships registered as a Maltese ship (or registered under the flag of another state), and all ancillary financial, security and commercial activities in connection therewith. Furthermore, the holding of shares in such entities, whether Maltese or otherwise, and the raising of capital for such entities are activities which may be carried on by Shipping Organisations.

### **Tax benefits and annual compliance requirements**

The income of a licensed Shipping Organisation from shipping activities (including from owning, operating, administering or managing a tonnage tax ship flying the Malta flag) is exempt from income tax in Malta, provided that all relevant registration fees and tonnage taxes are duly paid.

A Shipping Organisation is required to be licensed by the Maltese Registrar General of Shipping and Seamen. A licence is usually issued for a period of 5 years, renewable.

A licensed Shipping Organisation is required to keep proper accounting records. An audit is required unless the company, on balance sheet date, does not exceed 2 of the following 3 criteria:

- Balance sheet total: Lm1,500,000 (€3,494,100)
- Net turnover: Lm3,000,000 (€6,988,200)
- Average number of employees during the period: 50

From any accounting period commencing after 1 May 2009, such accounts must be filed annually with the Maltese Registrar of Companies.

As from 1 May 2009, a licensed Shipping Organisation must submit an annual income tax return with the Maltese Commissioner of Inland Revenue. Up to this date, such organisation may elect to submit a simple declaration in the form prescribed (signed by a Maltese certified public accountant or auditor or a warranted advocate).

Furthermore, every Maltese company must, upon each anniversary of its registration, make a return to the Maltese Registrar of Companies showing the share capital of the company, the shareholders and directors of the company, and any changes thereto.

## **Ship Registration procedure**

For a vessel to be registered under the Malta flag, it must be owned by a Shipping Organisation. The usual procedure is to apply for provisional registration, and then for permanent registration.

The requirements for provisional registration includes:

- Application for registration, made by owner or an authorised representative, accompanied by an application for change of name (if required)
- A copy of the vessel's International Tonnage Certificate (if applicable)
- Proof of Shipping Organisation's qualification to own the vessel
- Declaration of ownership made in front of the Registrar by owner or authorised representative
- Evidence of seaworthiness and confirmation of class in case of trading vessels
- Payment of initial and annual registration fees
- Application for Ship Station Radio Licence
- Application for Minimum Safe Manning Certificate, where applicable

Provisional registration is valid for 6 months, extendable only in certain limited circumstances. During the period, the following documents must be filed:

- A bill of sale (or builders certificate if vessel is not registered elsewhere) on the Malta form
- A cancellation of registry certificate from the last country of registration showing any encumbrances, if applicable
- A Survey Certificate completed by an approved classification society surveyor on the Malta form, and a copy of the International Tonnage Certificate
- Crew list accompanied by photocopies of the officers' certificates of competency
- A Carving and Marking note confirmed by an approved Surveyor or Registrar
- A radio survey report by recognised classification society. All ships of 300 gross tons upwards must be fitted to comply with the GMDSS

A certificate of Malta registry is subject to renewal on an annual basis.

## **Bareboat Charter Registration**

Maltese law provides both for bareboat charter registration of foreign ships under the Malta flag, and also for bareboat registration of Malta vessels under a foreign flag.

A bareboat charter registration shall be for the duration of the bareboat charter or until the expiry of the underlying registration, whichever is the shorter, but not exceeding 2 years. However, it may be extended.

The requirements for bareboat charter registration in Malta are:

- The vessel must be bareboat chartered to a person or body corporate qualified to own a Maltese vessel

- The vessel is not a Maltese registered ship, but is registered in a compatible registry
- The vessel is not bareboat charter registered in another registry

The following documents must be produced:

- An application for registration by the charterer or an authorised representative
- A declaration of bareboat charter accompanied by the charter agreement
- A transcript or extract of the underlying registration
- A copy of the vessel's International Tonnage Certificate
- The consent in writing of the underlying registry, owners and mortgagees
- Evidence of seaworthiness and confirmation of class in case of trading vessels
- Payment of initial and annual registration fees

### Mortgages

Once a vessel is provisionally registered; registration, transfer and discharge of mortgages may be effected immediately on presentation of the relative documents to the Registrar of Maltese Ships.

### Vessel registration fees

Vessel registration fees are based on net tonnage and are calculated as follows:

*(€ values are approximate)*

Net Tonnage (NT)		Initial fee on registration	Annual fee
From	To		
0	2,500	Lm250 (€108)	Lm375 (€874)
2,501	8,000	Lm250 + Lm0.10 per NT over 2,500 NT (€108 + €0.24)	Lm375 + Lm0.15 per NT over 2,500 NT (€874 + €0.35)
8,001	10,000	Lm800 + Lm0.03 per NT over 8,000 NT (€1,864 + €0.07)	Lm1,200 + Lm0.08 per NT over 8,000 NT (€2,796 + €0.19)
10,001	15,000		Lm1,360 + Lm0.06 per NT over 10,000 NT (€3,168 + €0.14)
15,001	20,000		Lm1,660 + Lm0.05 per NT over 15,000 NT (€3,867 + €0.12)
20,001	30,000		Lm1,910 + Lm0.04 per NT over 20,000 NT (€4,450 + €0.10)
30,001	50,000		Lm2,310 + Lm0.03 per NT over 30,000 NT (€5,381 + €0.07)
50,001	-		Lm2,910 + Lm0.02 per NT over 50,000 NT (€6,779 + €0.05)



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The above fees are subject to the following reductions/increases, based on the age of the vessel:

Age of vessel		Reduction of initial fee	Reduction or increase of annual fee
From	To	%	%
0	4	(50)	(30)
5	9	(25)	(15)
10	14	-	-
15	19	-	5
20	24	-	10
25	29	-	25
30	-	-	50

The increase in annual tonnage fee for vessels that are 20 years or more is subject to a minimum increase of Lm500 (€1,165).

The charge for a Ship Station Radio Licence per annum to the Wireless Telegraphy Department is currently Lm180 (€420).

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for more information regarding the above, please contact  
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