

## An Opportunity to Redomicile a Ship to an Attractive Shipping Regime in a Sunny Jurisdiction

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By **Jonathan Vassallo**, 24th March 2020

### **Redomiciliation of a Shipping Company to Malta**

Malta has established itself as a robust and safe maritime jurisdiction and has the largest European maritime flag registry.

It is possible to redomicile a shipping company from another jurisdiction to Malta, without liquidating the company in the country that it is being redomiciled from (Legal Notice 31, 2020).

### **A Summary of the Attractive Tax Regime Available to Ships Registered in Malta**

In December 2017, the European Commission approved the Maltese tonnage tax regime for a period of 10 years, following a review of its compatibility with EU State Aid Rules.

### **The Maltese Shipping Tonnage Tax System**

Under the Malta Tonnage Tax System, tax is dependent on the tonnage of the vessel or fleet belonging to a particular ship-owner or ship-manager. Only companies that are active in maritime transport are eligible under the Maritime Guidelines.

Standard corporate tax rules do not apply to shipping activities in Malta. Instead shipping operations are subject to an annual tax consisting of a registration fee and annual tonnage tax. The rate of tonnage tax reduces according to the age of the vessel.

- As an example, a trading ship measuring 80 metres, with 10,000 gross tonnage, built in the year 2000, will pay a fee of €6,524 on registration and €5,514 annual tax thereafter.

The smallest category of ship is up to a net tonnage of 2,500 and the largest, and most expensive, are ships over 50,000 net tonnage. Charges are reduced for ships in the 0-5 and 5-10 year age categories respectively and are greatest for those 25-30 years old.

Please see [IN546 - Maltese Shipping - The Tonnage Tax System and Advantages for Shipping Companies](#), for further information regarding this regime and additional advantages regarding the registration of a ship in Malta.

### **Conditions to Redomicile a Shipping Company to Malta**

The following conditions need to be met:

- the company is established under the law of an approved country or jurisdiction where those laws are similar in nature to company law in Malta;
- the 'objects' of the company must be such that the company qualifies as a shipping organisation;
- provisions in the law of overseas country enabling such countries to redomicile
- redomiciliation is permitted by the company's charter, statutes or memorandum, and articles or other instruments that constitute or define the company;
- a request is submitted to the Malta Registrar for the company to register to be continued in Malta.

A request by a foreign company for registration to be continued in Malta, must be accompanied by:

- the resolution authorising it to be registered as being continued in Malta;
- a copy of the revised constitutional documents;
- a certificate of good standing or equivalent documentation relating to the foreign company;
- a declaration by the foreign company to be registered as continued in Malta;
- a list of directors and company secretary;
- confirmation that such a request is permitted by the laws of the country or jurisdiction in which the foreign company has been formed and incorporated or registered.

The Registrar will then issue a Provisional Certificate of Continuation. Within six months of this certificate being issued, the company must submit documentation to the Registrar that it has ceased to be a company registered in the country or jurisdiction where it had been previously established. The Registrar will then issue a Certificate of Continuation.

#### **Additional Information**

If you would like further information regarding the Malta Tonnage Tax System or the registration of a ship and/or yacht in Malta, please contact Jonathan Vassallo at the Dixcart office in Malta: [advice.malta@dixcart.com](mailto:advice.malta@dixcart.com) or your usual Dixcart contact.