

THE MARSHALL ISLANDS REGISTRY

*Yacht Engaged in Trade (YET):
Blending the Benefits of Private
and Charter Use*

Presented by Patrick Bachofner
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International Registries, Inc.
in affiliation with the Marshall Islands Maritime & Corporate Administrators

The Marshall Islands Registry
service and quality are within your reach



AGENDA

- Introduction to the Marshall Islands Registry (RMI)
- Overview of the Yacht Engaged in Trade (YET)
- YET Advantages and Limitations
- Legal basis and Appendix

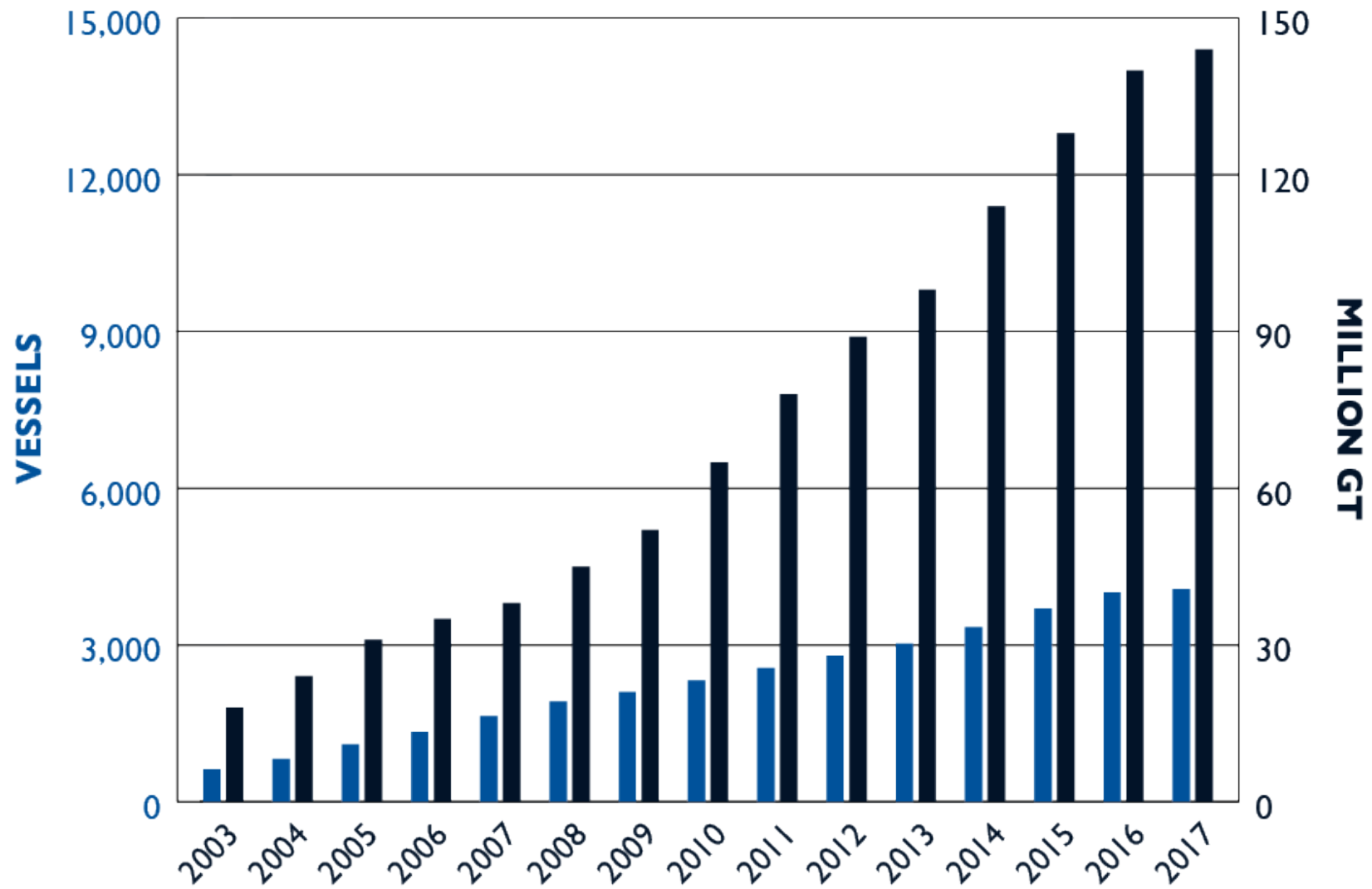
WHO WE ARE

- International Registries, Inc. and its affiliates (IRI) provides administrative and technical support (exclusively since 2000) to the Republic of the Marshall Islands (RMI) Maritime and Corporate Registries.
- IRI the world's oldest privately administered ship registry.
- The RMI Maritime Registry program was initiated by the RMI Government in 1988.
- IRI is headquartered in Washington, DC/Reston and has a network of 27 worldwide offices with 450 employees.
- RMI is the third largest registry in the world in terms of gross tonnage and second largest in terms of deadweight tonnage.
- With an assigned permanent representative and active delegation at the IMO, the RMI plays a significant role in shaping future regulations.

DECENTRALIZATION



FLEET GROWTH



As of 28 February 2017

FLEET TYPES

VESSEL TYPE	NO. of VESSELS	% of FLEET	GROSS TONS	% of FLEET GROSS TONS
BULK CARRIER	1,299	32%	55,057,894	38%
CONTAINER	320	8%	14,567,964	10%
GAS CARRIER	170	4%	11,502,554	8%
GENERAL CARGO	123	3%	3,787,052	3%
MISCELLANEOUS	60	1%	354,767	0.25%
MOU	193	5%	7,722,376	5%
OSV	239	6%	434,975	0.30%
PASSENGER	10	0.25%	343,945	0.24%
TANKER	1,121	28%	50,182,857	35%
YACHT	537	13%	131,620	0.09%
TOTAL FLEET	4,072		144,086,004	

As of 28 February 2017

RMI YACHT REGISTRY

- The RMI Yacht Registry has increased recognition and acceptance throughout the yachting community.
- The RMI Yacht Code (MI-103) has undergone major revisions since June 2013 to reflect changes in today's yacht market.
- The Yacht code was officially brought to the IMO for all Member States to acknowledge as a substantial equivalency to certain convention regulations.
- A few highlights:
 - The RMI Yacht division is solely dedicated to yachts and their operations.
 - The yacht technical group works with industry stakeholders and is available 24/7.
 - The RMI Yacht Registry demonstrated exceptional safety and operational standards as evidenced by outstanding port State control (PSC) records.
 - Introduction of the first (and only) STCW compliant Unlimited tonnage Master License.

PREMISE OF THE YET INITIATIVE...

When thinking about chartering in the Mediterranean, owners are faced with a dilemma:

- Operate as a commercial yacht to take advantage of charter opportunities, but pay a Value Added Tax (VAT) for personal use of their yacht.

OR

- Stay private while in the Mediterranean and miss out on the opportunity to charter.

WHAT IS A YET?



RMI introduced a new registration option referred to as **Yacht Engaged in Trade (YET)**.

- Removes historic distinction between private and commercial registration, allowing private yachts to be chartered for up to 84 days in Europe (currently limited to France and Monaco).
- Provides a solution to owners to have “dual use” of their yacht while complying with Customs and Port State regulations.

HOW “DUAL USE” IS POSSIBLE

French Customs

After working with a team of fiscal and legal experts and communicating with the French administration, written confirmation was received from French Customs that this arrangement is acceptable under EU Customs Code, thus allowing RMI flagged private yachts to charter in France and Monaco for up to 84 days in a calendar year.

PSC: Paris Memorandum of Understanding (MoU)

In March 2015, the Paris MoU reviewed the requirements of the RMI YET program and had no objection to allowing chartering of RMI flagged private yachts, as long as these are fully commercially compliant.



YET REQUIREMENTS

- The yacht must be 24 m or more in loadline length.
- The yacht must comply with all relevant regulations and requirements that apply to commercial yachts (including ISM, ISPS and MLC).
- The yacht must undergo Survey to the standards of the RMI Maritime Regulations and Yacht Code by an Authorised Representative (AR) of the RMI.
- The yacht will carry no more than 12 passengers while engaged in trade.

RMI PRIVATE YACHTS THAT CAN BE CHARTERED AS YETs

- Non EU owned RMI yachts (having non EU resident Ultimate Beneficial Owners) under Temporary Admission (TA)

OR

- EU or non EU owned RMI yachts that are value added tax (VAT) paid.

HOW CAN PRIVATE YACHTS UNDER TEMPORARY ADMISSION (TA) CHARTER ?

For the yacht to charter the following must be undertaken:

1. The yacht should be placed under TA valid for 18 months immediately upon its arrival in EU water.
2. A Charter Broker and Fiscal Representative must be appointed.
3. The yacht must be placed under TA for commercial activity (there is a formality to enter/exit from this specific regime).
 - An Import Declaration should be filed with the Customs
4. The RMI Registry issues a Temporary YET certificate for the duration of the charter or commercial promotion period.
5. VAT is paid on charter, supplies, fuel...
6. No private use while the yacht is placed under commercial activity.
7. The placement of the yacht under this specific regime will suspend the 18 months clock.

HOW CAN VAT PAID YACHTS CHARTER ?

Same as for yachts under TA.

BUT:

- No need to place the yacht under TA guaranteed for commercial activity;
- No need to file an Import Declaration with the Customs.

It should be noted that:

1. A charter contract is required
2. Fiscal Representative(s) will be appointed and a VAT number(s) obtained before the yacht charters
3. VAT is paid on the charter, supplies, fuel...

YET ADVANTAGES

- **Flexibility of use:** private use without losing the option to charter the yacht on occasional basis (up to 84 days/year) to offset the annual running costs.
- **No need for owners to sign a charter agreement** paid at commercial market rates each time they want to charter their yacht.
- **No need to pay VAT on owners use.**
- **No risk of requalification** in case of extensive private use in comparison to commercial registration.
- **RMI is the only flag promoting dual use** that has been validated by the French Customs and Port State Control Authorities (Paris MOU).

YET LIMITATIONS

- No VAT exemptions on supplies and fuel (exemptions on duties could be obtained on request TBC);
- No private use will be allowed during the period of validity of the Temporary YET certificate;
- RMI YET program only available in France and Monaco for the time being but it is based on EU regulations and EU Customs Documentation which should be accepted in all EU countries.

YET NEXT STEPS

- The YET has been officially validated by France and Monaco;
- The program shall be extended to other EU countries. Since June 2016 we are in discussion to extend the YET to Italy and Spain.

YET: APPENDIX

The RMI code and below documents related to YET registered yachts can be found on RMI's web site: www.register-iri.com

- MG-I-I I-2, Yacht Engaged in Trade (Marine Guideline)
- MI-I03, Yacht Code (revised as of 10/15)
- MI-I03A, RMI Yacht Compliance Requirements (revised as of 10/15)
- MI-I08, Maritime Regulations (revised as of 10/15 to reflect changes in Yacht Code (MI-I03))

YET: Legal basis for Non-EU owned Yachts

The program for the placement of the yachts under TA for commercial activity was based on the old articles 553 to 562 of the implementing provisions of the Customs Code (Commission Regulation (EEC) No 2454/93 of 2 July 1993) which governed Temporary Admission and more precisely art 558 & 1 c, 562 b and art 581 & 1 and not French national laws. New legal basis are found in articles 250 to 253 of the UCC and more precisely article 212-3 et 217 of the UCC Delegated Act.

THANK YOU



IRI Corporate & Maritime Services (Switzerland)

Rue de la Pélisserie

1204 Genève

Tel. +41 22 310 64 54

Email: pbachofner@register-iri.com

