



## Flying Malta's Flag: The Benefits

There are various regulations and legislation offering significant cost-savings to ship-owners who choose to fly Malta's flag on their vessels. The Maltese flag is not just a flag of convenience, but of confidence, as it is well-respected around the world. The island's status as an EU member has gained it the reputation of a low-risk flag status, making it a popular choice worldwide. Key to the island's success is of course Malta's international maritime register, which attracts clients as far as South America and Asia.

### The Maltese Flag

When Malta became Independent, ship registration gradually became the main engine of growth in Malta's maritime sector. In the past 15 years, Malta not only managed to double its register and tonnage, but also overtake Greece and Cyprus, to become Europe's largest and the 6th largest register in the world.

Malta's register includes:

- Superyachts
- Oil tankers
- Cruise ships
- LNG carriers
- RORO ships
- Bulk carriers

Nowadays some 6,200 vessels sail under the Maltese flag (including 400 superyachts registered in Malta by the end of 2013).

And these figures do not come as a surprise... after all Malta offers:

- Excellent Yacht Marinas
- Shipbuilding and repair services
- Cargo port facilities
- Finance, law and insurance facilities

### What makes Malta's Flag ideal?

- One of the major tax benefits related to ship and yacht registration in Malta is the fact that yachts registered as commercial vessels can pay an annual tax on the tonnage, rather than an income tax on earnings.
- Possibility of VAT friendly measures.
- Malta also has excellent protection laws for superyacht financiers against defaulters. In fact, according to the Merchant Shipping Act, the mortgagee is entitled to take possession of the yacht and to sell it privately to a third party.
- Malta fully complies with EU and other international shipping regulations and this has helped in attracting further top quality ship operators.
- Malta offers a sound legal system and safeguards to both financiers and ship owners.



## **Tax and Fiscal Benefits**

- Malta offers a complete exemption from income tax on the income that is derived from shipping activities of Maltese vessel (both commercial ships and yachts) of 1,000 tonnes and over.
- Instead of income tax, Maltese shipping organisations pay an annual tonnage tax.
- Income from yacht chartering, operation or management is generally subject to an effective corporate tax rate of only 5%.
- Malta has recently also adapted a reduced VAT rate on short-term yacht charters commencing in Malta. Such charters will still be subject to a rate of 18% on the cost of the charter, however, this will only be applied proportionally based on the amount of time the charter is in EU waters.
- No restrictions on the nationality of the yacht's captain, officers and crew
- Automatic exemption from income tax on income derived from shipping activities of Maltese vessels of 1000 net tons and over
- Automatic exemption from duty on transfers and assignments (stamp duties) payable on the sale or transfer of a Maltese vessel of 1000 net tons and over, and on the allotment or transfer of any share or stock in any company owning such vessels.
- Competitive incorporation costs and registration fees.