

YACHT ENGAGED IN TRADE

American Yacht Charter Association
Seminar – Newport Charter Show
23 June 2016

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

The Marshall Islands Registry
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THE DILEMMA

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.

THE SOLUTION

- The Republic of the Marshall Islands (RMI) launched the new Yacht Engaged in Trade (YET) initiative during the 2015 Monaco Yacht Show
- Allows eligible RMI private yachts to charter in French and Monegasque waters for up to 84 days in a calendar year without falling out of compliance with customs, port State control (PSC), or flag State regulations
- Ultimate beneficial owners (UBOs) can charter their yacht to third parties and also use them privately without the necessity to produce a charter contract and pay VAT on their personal use of the yacht

THE SOLUTION (continued)

- This “dual use” program is achieved by combining current European Union (EU) Customs regulations and the RMI’s existing private yacht registration system, which allows private yachts to engage in charter operations for up to 84 days per calendar year.
- The program was developed by a team of fiscal and legal experts, spearheaded by legal advisor Janet Xanthopoulos of Rosemont Yacht Services and French Customs Broker Alexandre Trueba of World Express Services (WES) in conjunction with RMI.

HOW IS IT POSSIBLE?

French Customs

- As a result of communication and research completed by the team of fiscal and legal experts, written confirmation was received from French Customs that the “dual use” 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.
 - RMI flagged private yachts with non-EU resident beneficial owners may enter EU waters under Temporary Admission (TA) for up to 18 months and will be allowed to change status to TA for Commercial Use (up to 84 days).
 - This option is also available for RMI flagged private yachts of EU resident owners that are VAT-paid.

HOW IS IT POSSIBLE? (continued)

PSC: Paris Memorandum of Understanding (MoU)

- In March 2015, the RMI Maritime Administrator obtained written confirmation from the leadership of the Paris MoU that they had no objection to allowing the charter of RMI flagged private yachts, as long as these are fully commercially compliant.
- Commercial compliance includes:
 - Maritime Labour Convention, 2006 (MLC, 2006)
 - International Safety Management Code (which applies for yachts 500 gross tons (GT) and over)
 - International Ship and Port Facility Security Code (which applies for yachts 500 GT and over)
 - International Convention on Load Lines (LL) (which applies for yachts 24 meters (m) and over)
 - RMI Yacht Code (MI-103)

REQUIREMENTS

To qualify, vessels will initially require:

- A private yacht Certificate of Registry (CoR); and
- A Yacht Engaged in Trade Compliance Certificate (YETCC), which certifies full commercial compliance.

REPUBLIC OF THE MARSHALL ISLANDS
MARITIME ADMINISTRATOR

Certificate Number: _____

**YACHT ENGAGED IN TRADE
COMPLIANCE CERTIFICATE**

The Yacht Record of Safety Equipment shall accompany this Certificate as follows.

| NAME OF YACHT | | PORT OF REGISTRY | | OFFICIAL NUMBER | IMO NUMBER IF APPLICABLE |
|---------------|------------------|---|------------------|-----------------|--------------------------|
| | | <input type="checkbox"/> BIKINI <input type="checkbox"/> JALUIT | | | |
| GROSS TONNAGE | KEEL LAYING DATE | LENGTH OVERALL | LOAD LINE LENGTH | | |
| | | | | | |

THIS IS TO CONFIRM:

- that the yacht has undergone a Compliance Verification in accordance with the requirements of the Republic of the Marshall Islands (RMI) Maritime Regulations;
- that the yacht has been found to be in compliance with Chapters I, II and V of the RMI Yacht Code;
- that the total number of persons for which life-saving appliances are provided is _____ ;
- that the hull of the yacht was surveyed on _____
by _____ ;
- that the yacht is authorized to engage in trade for up to 84 days per calendar year during the period in which a valid Temporary Certificate of Registry for Yacht Engaged in Trade is maintained on board and
- That the following limitations apply:
 - Operating category: _____ nautical miles from safe haven;
 -
 -

This Certificate confirms the compliance of the herein described yacht with Chapters I, II, and V of the RMI Yacht Code and shall remain valid, unless otherwise cancelled by the RMI Maritime Administrator, for a period of up to five (5) years, subject to the annual Compliance Verifications being satisfactorily held, and provided that the yacht, including its machinery and equipment, is maintained in compliance with the requirements of the RMI Yacht Code. The yacht may not be engaged in trade unless it has been issued a valid Temporary Certificate of Registry for Yacht Engaged in Trade.

Completion date of the survey on which this Certificate is based: _____ day of _____ 20__ .

Issued at _____ on the _____ day of _____ 20__ .

Valid until: the _____ day of _____ 20__ .

The undersigned declares to be a duly authorized agent by the said Government to issue this Certificate.

(Print Name & Sign) Deputy Commissioner of Maritime Affairs, Republic of the Marshall Islands


CUSTOMS PAPERWORK

- The yacht should be placed under TA immediately upon it's arrival in EU waters.
- When the UBO would like to charter their yacht to a third party, the yacht must be placed under TA for Commercial Use and the yacht owner, yacht manager, or their agents and representatives must provide the RMI with:
 - A copy of the VAT-paid certificate (for EU resident UBOs); or
 - A copy of the EU customs documentation (*Déclaration d'Importation (IMA)*) that states the period for which the yacht will be engaged in trade while under TA (non-EU resident UBOs).

THE “COMMERCIAL BUBBLE”

- While under TA for Commercial Use, the yacht is placed in a “commercial bubble” that can last for the duration of a specific charter or for the period the yacht will be used for charter. The UBO cannot use the vessel during this period.
- The RMI will issue a Temporary CoR for YET, valid exclusively within the dates mentioned in the customs documentation, and not exceeding 84 days in a calendar year, during which time the private yacht will behave as commercial, and comply with all rules that apply to such vessels.

Certificate Number



Republic of the Marshall Islands
Maritime Administrator

Temporary Certificate of Registry for Yacht Engaged in Trade

IMO NO.: _____ OFFICIAL NO.: _____ CALL LETTERS: _____ SERVICE: _____
 YACHT NAME: _____ HOME PORT: _____

THIS IS TO CERTIFY THAT pursuant to the provisions of the Republic of the Marshall Islands Maritime Act 1990, [Name of Authorized Signatory] having submitted the required documentation does swear and affirm that:

| NAME | RESIDENCE | CITIZENSHIP | PROPORTION |
|--|-----------|-------------|------------|
| is (are) the sole owner(s) of the herein named and described yacht | | | |

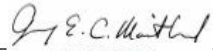
FORMER NAME: _____ YEAR BUILT: _____
 BUILT BY: _____ PLACE BUILT: _____
 CLASSIFICATION SOCIETY: _____ GROSS TONS: _____ NET TONS: _____
 TOTAL PROPELLING POWER (A.W.): _____ LENGTH OVERALL (LOA): _____
 AS PER ITC '69 OR NTC, AS APPLICABLE: _____ LENGTH: _____ BREADTH: _____ DEPTH: _____

and WHEREAS the Republic of the Marshall Islands Maritime Administrator has approved the application of the aforesaid owner for registration of the yacht and whereas the owner has complied with the requirements for registration the yacht is therefore duly registered under the laws of the Republic of the Marshall Islands. The Maritime Administrator confirms that the private registered yacht has been authorized to engage in trade for the duration of the validity of the Temporary Certificate of Registry for Yacht Engaged in Trade, subject to compliance with the Republic of the Marshall Islands Yacht Code (MI-103), which shall not be more than 84 days within one (1) calendar year.

This Temporary Certificate of Registry for Yacht Engaged in Trade and all rights and privileges accorded hereunder, shall remain valid through to the expiration date stated below provided it is accompanied with a valid Yacht Engaged in Trade Compliance Certificate. While operating under this Temporary Certificate of Registry for Yacht Engaged in Trade, all other certificates of registry are invalid for the time period stated below.

This yacht is subject to the following operations limitations:
 a) Operating category: _____ nautical miles from safe haven;
 b) _____
 c) _____

Issued by the Authority of the Maritime Administrator of the Republic of the Marshall Islands on this day of _____, 20____, valid from the period of the day of _____, 20____ to the day of _____, 20____.


 Guy E. C. Maitland
 Senior Deputy Commissioner of Maritime Affairs


MI-200YET (Rev. xx/xx)



THE “COMMERCIAL BUBBLE” (continued)

Temporary CoR for YET

Certificate Number



Republic of the Marshall Islands
Maritime Administration

Temporary Certificate of Registry for Yacht Engaged in Trade

IMO NO.: _____ OFFICIAL NO.: _____ CABLE LETTERS: _____ SERVICE: _____

YACHT NAME: _____ HOME PORT: _____

THIS IS TO CERTIFY THAT pursuant to the provisions of the Republic of the Marshall Islands Maritime Act 1990, [Name of Authorized Signatory] having submitted the required documentation does swear and affirm that:

| NAME | RESIDENCE | CITIZENSHIP | PROPORTION |
|---|-----------|-------------|------------|
| is (are) the sole owner(s) of the herein named and described yacht: | | | |

FORMER NAME: _____ YEAR BUILT: _____

BUILT BY: _____ PLACE BUILT: _____

CLASSIFICATION SOCIETY: _____ GROSS TONS: _____ NET TONS: _____

TOTAL PROPELLING POWER (kW): _____ LENGTH OVERALL (LOA): _____

AS PER ITC '69 OR NTC, AS APPLICABLE: LENGTH: _____ BREADTH: _____ DEPTH: _____

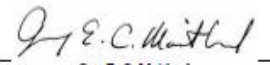
and WHEREAS the Republic of the Marshall Islands Maritime Administrator has approved the application of the aforesaid owner for registration of the yacht and whereas the owner has complied with the requirements for registration, the yacht is therefore duly registered under the laws of the Republic of the Marshall Islands. The Maritime Administrator confirms that the private registered yacht has been authorized to engage in trade for the duration of the validity of the Temporary Certificate of Registry for Yacht Engaged in Trade, subject to compliance with the Republic of the Marshall Islands Yacht Code (MI-103), which shall not be more than 84 days within one (1) calendar year.

This Temporary Certificate of Registry for Yacht Engaged in Trade and all rights and privileges accorded hereunder, shall remain valid through to the expiration date stated below provided it is accompanied with a valid Yacht Engaged in Trade Compliance Certificate. While operating under this Temporary Certificate of Registry for Yacht Engaged in Trade, all other certificates of registry are invalid for the time period stated below.

This yacht is subject to the following operations limitations:

- a) Operating category: _____ nautical miles from safe haven;
- b) _____
- c) _____

Issued by the Authority of the Maritime Administrator of the Republic of the Marshall Islands at _____ this _____ day of _____, 20____, valid from the period of the _____ day of _____, 20____ to the _____ day of _____, 20____.



 Guy E. C. Maitland
 Senior Deputy Commissioner of Maritime Affairs


MI-200YET (Rev. xx/xx)



THE “COMMERCIAL BUBBLE” (continued)

“The Maritime Administrator confirms that the private registered yacht has been authorized to engage in trade for the duration of the validity of the Temporary Certificate of Registry for Yacht Engaged in Trade, subject to compliance with the Republic of the Marshall Islands Yacht Code (MI-103), which shall not be more than 84 days within one (1) calendar year.”

Certificate Number


Republic of the Marshall Islands
Maritime Administrator
**Temporary Certificate of Registry for
Yacht Engaged in Trade**

IMO NO.: _____ OFFICIAL NO.: _____ CALL LETTERS: _____ SERVICE: _____
YACHT NAME: _____ HOME PORT: _____

THIS IS TO CERTIFY THAT pursuant to the provisions of the Republic of the Marshall Islands Maritime Act 1990, [Name of Authorized Signatory] having submitted the required documentation does swear and affirm that:

| NAME | RESIDENCE | CITIZENSHIP | PROPORTION |
|------|-----------|-------------|------------|
| | | | |

is (are) the sole owner(s) of the herein named and described yacht:

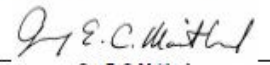
FORMER NAME: _____ YEAR BUILT: _____
BUILT BY: _____ PLACE BUILT: _____
CLASSIFICATION SOCIETY: _____ GROSS TONS: _____ NET TONS: _____
TOTAL PROPELLING POWER (kW): _____ LENGTH OVERALL (LOA): _____
AS PER ITC '69 OR NTC, AS APPLICABLE: LENGTH: _____ BREADTH: _____ DEPTH: _____

and WHEREAS the Republic of the Marshall Islands Maritime Administrator has approved the application of the aforesaid owner for registration of the yacht and whereas the owner has complied with the requirements for registration, the yacht is ~~thereby~~ registered under the laws of the Republic of the Marshall Islands. The Maritime Administrator confirms that the private registered yacht has been authorized to engage in trade for the duration of the validity of the Temporary Certificate of Registry for Yacht Engaged in Trade, subject to compliance with the Republic of the Marshall Islands Yacht Code (MI-103), which shall not be more than 84 days within one (1) calendar year.

This Temporary Certificate of Registry for Yacht Engaged in Trade and all rights and privileges accorded hereunder, shall remain valid through to the expiration date stated below provided it is accompanied with a valid Yacht Engaged in Trade Compliance Certificate. While operating under this Temporary Certificate of Registry for Yacht Engaged in Trade, all other certificates of registry are invalid for the time period stated below.

This yacht is subject to the following operations limitations:
a) Operating category: _____ nautical miles from safe haven;
b) _____
c) _____

Issued by the Authority of the Maritime Administrator of the Republic of the Marshall Islands at _____ this _____ day of _____, 20____, valid from the period of the _____ day of _____, 20____ to the _____ day of _____, 20____.


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Senior Deputy Commissioner of Maritime Affairs

MI-200YET (Rev. xx/xx)



THE “COMMERCIAL BUBBLE” (continued)

At the expiration of the validity of the Temporary CoR for YET, the vessel exits the “commercial bubble” and can no longer be chartered, and can be used again by the UBO without the tax burdens associated with commercial operation.

Certificate Number



Republic of the Marshall Islands
Maritime Administrator

**Temporary Certificate of Registry for
Yacht Engaged in Trade**

IMO NO.: _____ OFFICIAL NO.: _____ CALL LETTERS: _____ SERVICE: _____
 YACHT NAME: _____ HOME PORT: _____

THIS IS TO CERTIFY THAT pursuant to the provisions of the Republic of the Marshall Islands Maritime Act 1990, [Name of Authorized Signatory] having submitted the required documentation does swear and affirm that:

| NAME | RESIDENCE | CITIZENSHIP | PROPORTION |
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| is (are) the sole owner(s) of the herein named and described yacht: | | | |

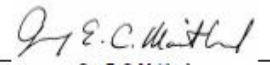
FORMER NAME: _____ YEAR BUILT: _____
 BUILT BY: _____ PLACE BUILT: _____
 CLASSIFICATION SOCIETY: _____ GROSS TONS: _____ NET TONS: _____
 TOTAL PROPELLING POWER (kW): _____ LENGTH OVERALL (LOA): _____
 AS PER ITC '69 OR NTC, AS APPLICABLE: LENGTH: _____ BREADTH: _____ DEPTH: _____

and WHEREAS the Republic of the Marshall Islands Maritime Administrator has approved the application of the aforesaid owner for registration of the yacht and whereas the owner has complied with the requirements for registration, the yacht is therefore duly registered under the laws of the Republic of the Marshall Islands. The Maritime Administrator confirms that the yacht registered yacht has been authorized to engage in trade for the duration of the validity of the Temporary Certificate of Registry for Yacht Engaged in Trade, subject to compliance with the Republic of the Marshall Islands Yacht Code (MI-105), which shall not be more than 84 days within one (1) calendar year.

This Temporary Certificate of Registry for Yacht Engaged in Trade and all rights and privileges accorded hereunder, shall remain valid through to the expiration date stated below provided it is accompanied with a valid Yacht Engaged in Trade Compliance Certificate. While operating under this Temporary Certificate of Registry for Yacht Engaged in Trade, all other certificates of registry are invalid for the time period stated below.

This yacht is subject to the following operations limitations:
 a) Operating category: _____ nautical miles from safe haven;
 b) _____
 c) _____

Issued by the Authority of the Maritime Administrator of the Republic of the Marshall Islands on this day of _____, 20____, valid from the period of the day of _____, 20____ to the day of _____, 20____.



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MI-200YET (Rev. xx/xx)



THE PROCESS

Identify specific charter dates or period in which yacht will be offered for charter.

YETCC



TA
Customs formalities upon arrival into EU waters.

Customs Broker files **IMA** to place yacht under **TA for Commercial Activity**.

THE PROCESS (continued)

Copy of Customs IMA form with dates the yacht will charter or period the yacht is offered for charter.

Yacht enters “commercial bubble” and can charter for the duration of Temporary CoR for YET.

RMI issues **Temporary CoR for YET.**

Temporary CoR for YET expires, yacht is private and can be used again by the UBO.

EXAMPLE “A”

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|--|--|--|---|--|--|--|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8  | 9  | 10  | 11  | 12  | 13  | 14  |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22  | 23  | 24  | 25  | 26  | 27  | 28  |
| 29 | 30 | 31 | | | | |

- Temporary CoR for YET for week of the 8th - 14th.
- Additional Temporary CoR for YET for week of 22nd - 28th.
- UBO can use the yacht freely on all other dates.

EXAMPLE “B”

May

June



July

August



- Obtain Temporary CoR for YET from 1 June to 31 July. Book as many charters in those two (2) months. Owner cannot use yacht while in “commercial bubble.”
- Owner is free to use yacht in May and August.

APPLICABILITY AND LIMITATIONS

Applicability

- Eligible RMI flagged private yachts that seek to charter in French and Monegasque waters, provided that they comply fully with the requirements for YETs in the MI-I03

Limitations

- Not all EU or Mediterranean, only in France and Monaco
- Non-EU beneficially owned yachts (under TA) or VAT-paid yachts
- Full commercial compliance, including MLC, 2006 and for yachts 24m and over, the LL Convention

UPDATES

- Fiscal and legal experts are working on extending the program into Italy
- Upcoming changes in EU Customs code may make it possible to extend program into Spain
- First YETCC was issued by Mark Robinson Maritime Consultants on 8 June 2016
- Additional yachts in line for YET Compliance Verification

CONTACT US

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THANK YOU



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