



**ocra**worldwide™  
EXCELLENCE IN GLOBAL CORPORATE SERVICES

**ISLE OF MAN** SHIPPING GUIDE

Introduction	3
Administrative and Legal Framework	3
Registration of Ships	5
Registration and Change of Ownership	9
Demise Charter Registration	11
Manning of Manx Ships	13
Fees and Taxes	17
Future Prospects	18



---

## *Introduction*

The Isle of Man is a self-governing dependent territory of the Crown which has a long and distinguished maritime history dating back to 1786 and has a quality, traditional and long-standing Register which maintains and enforces high standards based on United Kingdom legislation.

The Isle of Man is not designated as a “Flag of Convenience” - it is a component part of the British Register and all major International Maritime Conventions including relevant Conventions of the International Labour Organisation are extended to the Island.

Manx registered ships are British ships, under the separate jurisdiction of the Isle of Man Ship Registry and as such are entitled to all British support including consular services throughout the world. Manx ships must have a prescribed close connection with the Island through either local ownership or management and be classed with one of the major classification societies.

The Isle of Man Government’s Shipping Register is a modern flag registry with a strong emphasis on quality, high standards and efficient service and is currently ranked first in the industry’s Annual Flag State Performance Table, fourth on the Paris MOU white list and has USCG’s Qualship 21 accreditation.

The Isle of Man is today recognised as a “Centre of Excellence” in the Irish Sea with locally based expertise in Ship Management, Ship Finance, Marine Insurance and Maritime Law.

---

## *Administrative and Legal Framework*

### **Isle of Man Ship Registry**

The newly named Isle of Man Ship Registry was established in 1984 and has responsibility for the operation of the shipping register. The Registry, which has ISO 9001 accreditation, ensures that ships comply with the highest standards yet offers a practical approach to the application of maritime rules and regulations.



It is staffed by a large professional team of experienced surveyors with expertise in all areas and in all ship types who travel worldwide to ensure that standards on Manx ships are maintained.

#### **Legal Framework**

The Isle of Man Ship Registry maintains and enforces high standards based on United Kingdom legislation.

The registration of ships is governed by the Isle of Man's Merchant Shipping Registration Act 1991. Other principal merchant shipping laws include:

- Merchant Shipping (Detention of Ships) Act 1979
- Merchant Shipping (Masters and Seamen) Act 1979
- Shipping Casualties (Inquiries, Investigation and Reports) Act 1979
- Merchant Shipping (Miscellaneous Provisions) Act 1996
- Merchant Shipping (Load Line) Act 1981
- Merchant Shipping Act 1995

#### **Banking and Finance**

The Island has built an exceptional reputation as a centre of excellence for expatriate banking, providing a secure location for all private, corporate and institutional clients.

Many of the leading UK and Irish high street banks are represented here together with branches of major UK building societies. As at December 2004 there were 54 banking licences and total bank deposits stood at £30 billion.



## *Registration of Ships*

---

### **Introduction**

The Isle of Man Ship Registry operates four registers, namely the Part 1 (Main) Register for Ships and Yachts, the Small Ships Register for locally owned craft, the Fishing Register for locally owned vessels and the Demise (Bareboat) Charter Register.

### **Conditions of Ownership and Types of Registration**

Manx registered ships are British ships but under the separate jurisdiction of the Isle of Man Ship Registry. As British ships, the Merchant Shipping Act requires that the owner must be a "Qualified Owner". To qualify as a British ship and a qualified owner the majority interest in the ship i.e. at least 33 out of 64 shares must be held by one of the following:

- A company incorporated in the Isle of Man and having its principal place of business in the Isle of Man (there are no nationality requirements for ownership of such companies).
- A company incorporated in the United Kingdom, the Channel Islands, or any British Dependent Territory\* and having its principal place of business in any such territory.
- A company incorporated in a member state of the European Union or in a European Economic Area Country\*\* and having its principal place of business in any such country (the company may be incorporated in any of the above territories or member states and have its principal place of business in any other of the above territories or member states).
- A Limited Partnership established and registered in the Isle of Man in accordance with the Partnership Act 1909 and the International Business Act 1994, and in certain prescribed countries as detailed in Manx Shipping Notice No. 194.
- A British citizen, a British Dependent Territories citizen\*, a British overseas citizen, a British subject under the British Nationality Act 1981, or a British National (Overseas).
- A citizen of a member state of the European Union and European Economic Area Countries.\*\*



The remaining minority interest (not more than 31 out of 64 shares) may be held by any other person.

**\*British Dependent Territories**

Anguilla	Gibraltar
Bermuda	Montserrat
British Antarctic Territory	Pitcairn Islands
British Indian Ocean Territory	St Helena and Dependencies
Cayman Islands	Turks and Caicos Islands
Falkland Islands	British Virgin Islands

**\*\* Member States of the European Union and European Economic Area Countries**

Austria	Latvia
Belgium	Liechtenstein
Cyprus	Lithuania
Czech Republic	Luxembourg
Denmark	Malta
Eire	Netherlands
Estonia	Norway
Finland	Poland
France	Portugal
Germany	Slovakia
Greece	Slovenia
Hungary	Spain
Iceland	Sweden
Italy	United Kingdom



### Unacceptable Ships

Nearly all types of ships are accepted for registry. These include container ships, cargo ships oil and chemical tankers etc. However, the following are not eligible:

- Ships which are not classed with one of the accepted Classification Societies
- Ships under 500 GT (unless they are operating locally in and around the Isle of Man)
- Ships greater than 15 years of age
- Single hull oil tankers
- Ro-Ro passenger ships operating in areas outside of the Irish Sea
- Passenger ships in international trades which are over 10 years old
- High speed craft operating outside the Irish Sea area
- Floating dry docks
- Harbour and estuarial craft operating outside Manx waters
- Pilgrim ships
- Ships engaged in the carriage of irradiated nuclear fuel

### Recognised Classification Societies

Any merchant ship or commercial yacht seeking registry must be classed by one of the following recognised Classification Societies:

American Bureau of Shipping - ABS  
Bureau Veritas - BV  
Nippon Kaiji Kyokai - Class NK  
Det Norske Veritas - DNV  
Germanischer Lloyd - GL  
Lloyds Register - LR  
Registro Italiano Navale - RINA

### Surveys and Related Matters

All yachts that will be operating commercially and wish to register in the Isle of Man must undergo a pre-registration survey by an Isle of Man Surveyor. Any Commercial Yacht



proposed for registry must be of 24 metres in length or more and must be classed in one of the Classification Societies recognised by the Isle of Man (see section 3.3). Vessels must also comply with the UK Mega Yacht Code.

Pleasure yachts registering in the Isle of Man do not currently have to be inspected by an Isle of Man Surveyor.

For pre-registration surveys carried out by Surveyors from the Isle of Man Ship Registry in connection with safety and prevention of oil pollution requirements, fees are currently charged at the hourly rate as detailed in the Merchant Shipping (Fees) Regulations, plus the costs of traveling and subsistence. After registration the yacht will be entered into the Commercial Yacht Fees Scheme and a monthly payment of £180 is made. This payment may be either direct debit or advance invoice on a monthly, quarterly or annual basis.

#### **Management and Operation of Vessel**

The Merchant Shipping Registration Act 1991 requires every Manx ship over 24 metres to appoint a 'Representative Person' (known as a Statutory Manager) who is resident on the Island. A Representative Person undertakes the principal functions of management of the ship from within the Island and is responsible for:

- the statutory certification of the ship;
- the operational safety of the ship;
- the manning of the ship or vessel;
- anti-pollution measures; and
- the settlement of accounts in respect of survey, registration and related matters.

#### **ISM Code Requirements**

The ISM Code is the International Ship Management Code introduced with effect from 1 July 2002. It is a package of measures designed to improved safety of ships and the environment. Yachts over 500 GT which operate commercially are required to comply with the code and it is recommended that non-commercial yachts should also adopt the Code. While not mandatory, it is expected that commercial yachts under 500 GT will have some form of safety management system in operation.



Compliance with the Code requires a comprehensive set of instructions and procedures written for each individual yacht and its operator/owner. It will require an Operating Manual and a Safety Management System. Normally these documents would be drawn up in conjunction with the Captain and technically qualified experts. An audit is completed by the Isle of Man Marine Administration, of both the onshore Operator and the yacht. On satisfactory completion of the audits a 5 year certificate is issued. A Document of Compliance [DOC] is issued to the Company and a Safety Management Certificate [SMC] is issued to the vessel.

The Company office is re-audited on an annual basis while a half term inspection is carried out between years two and three on the vessel.

---

### *Registration and Change of Ownership*

#### **Registration**

To register a commercial yacht or merchant ship under Part 1 of the Ship Registry Act 1991, the owner or his representative should:

- Apply in writing to the Registrar of Ships at the Isle of Man Ship Registry, Peregrine House, Peel Road, Douglas, Isle of Man IM1 5EH. It is also possible to check on name availability before making application and to reserve preferred names. Vessels may be registered at any one of the four ports of registry which are: Castletown, Douglas, Peel and Ramsey.
- Provide a Certificate of Survey. This document is normally issued by the Ship's Classification Society which sets out the basic identifying parameters of the ship which will be included in the registry details.
- Produce evidence of title of ownership. A Builders Certificate in the case of a newly built ship and/or an original Bill of Sale from the last owner to the applicant in all other cases.
- When the vessel is registered under another flag, produce a Deletion Certificate or Closed Transcript from the other registry before final registry in the Isle of Man.
- Where registration is made under corporate ownership, provide a Certificate of Incorporation and appoint an authorised officer for the Company.



- Make a Declaration of Ownership depending on whether corporate or individual ownership.
- Appoint an Isle of Man approved ship manager/Representative Person having responsibility for the ship (for commercial yachts and merchant ships).
- Make arrangements with the Isle of Man Ship Registry for a surveyor to inspect the ship prior to acceptance for registration to ascertain that the ship complies with International Convention in respect of safety, prevention of oil pollution and manning. In addition, the surveyor will conduct any survey as appropriate for the issue of International Convention Certificates.
- Make arrangements with the Ship Radio Licensing Section for the issue of a Radio Call sign and MMSI No. These will need to be advised to the registrar before final registry.
- On completion of the above, an Official Number will be allocated to the vessel and a carving and marking note will be issued which indicates how the ship is to be marked.

#### **Change of Ownership**

In the event that the vessel is sold or ownership is transferred to another party, the following forms should be completed and submitted to the Isle of Man Ship Registry:

- provide a Bill of Sale;
- if the new owner is a corporate entity: a) provide a Certificate of Incorporation b) appoint authorised officer(s);
- complete a Declaration of Ownership;
- appoint an approved Ship Manager or establish its own office in the Isle of Man having responsibility for the ship;
- pay Transfer of Ownership fee to the Isle of Man Ship Registry; and
- advise on the whereabouts of the vessel in order that arrangements can be made to have the Certificate of Registry amended.

#### **After Registry**

The Isle of Man Ship Registry takes great care to ensure that all ships flying the Manx flag are a credit to the Island.



Following registry the Isle of Man Ship Registry will send a surveyor to visit the ship at 2½ yearly intervals timed to fit in with the ship's ISM certification. For ships entered in the Alternative Fees Scheme these visits and the issue of any necessary certification is free of charge. For other ships the visit will be charged at normal rates. At the 2½ yearly visits the attending surveyor will:

- complete an ISM audit and issue any necessary SMC;
- complete a general inspection; and
- complete an inspection of crew accommodation, welfare and working conditions in accordance with ILO178 and issue a report

---

### *Demise Charter Registration*

#### **Introduction**

The Isle of Man Demise Charter Register was introduced in 1991. The principle of demise charter party registration is the separation of nationality (flag) and title (ownership of a vessel). In essence, a vessel owned and registered in a compatible registry elsewhere in the world can be registered on the Isle of Man Demise Charter Register and fly the Red Ensign for the period of the demise charter whilst retaining its underlying registry. Any mortgage remains registered against the vessel's underlying registry and therefore the mortgagee's position is not affected by the demise charter registration. Once the demise charter period terminates the vessel reverts back to the underlying registry.

Demise Charter Registration provides a flexible and attractive package for ship owners and some of the advantages include:

- Mortgaging facilities.
- The possibility of taking advantage of other national laws which may permit tax advantages.
- A renewable five year registry period.



- Security of title and charges registered in the Isle of Man with operational jurisdiction elsewhere (Demise OUT). This option allows owners to take advantage of the security of title registration in the Isle of Man while operating the ship under another flag to suit local requirements or specific charter requirements.
- The option to retain registry of title and charges in a chosen jurisdiction other than the Isle of Man with the ship flying the Isle of Man flag and certificated as an Isle of Man ship (Demise IN). This allows owners to satisfy any demands from finance lenders as to registry of title and charges but still enjoy the benefits of flying the Isle of Man flag.

#### **Demise Charter-IN/OUT**

The Demise (Bareboat) Charter Register enables a vessel to demise in or out and to operate under another flag to suit local requirements or specific charter requirements.

The procedures for setting up a demise register are simple. For either a newly built ship not previously registered, or an existing ship under another flag the Demise Charterer should:

- apply in writing for Demise Charter Registration using Form DCR3;
- appoint an authorised officer(s) using Form DCR7;
- appoint a ship management organisation to act as a representative person in the Isle of Man or establish its own office in the Isle of Man having responsibility for the ship, also using form DCR3;
- provide a certified copy of the Demise Charter Party under which the ship is chartered by demise to the charterer by the registered owner on the ship's underlying Register;
- provide a certified copy of the entries in the underlying Registry including details of ownership and any mortgages, charges or liens registered against the ship (a transcript);
- provide the written consent of:
  - a) The Maritime Authorities of the country of the underlying Registry to the Demise Charter Registration of the ship in the Isle of Man.
  - b) The owner(s) on the underlying Register to Demise Charter Registration in the Isle of Man using Form DCR4.
  - c) The mortgagees (if any) on the underlying Register to Demise Charter Registration in the Isle of Man using Form DCR5.



- provide a certified copy of the Certificate of Incorporation or other equivalent documentary evidence of the demise charterer;
- provide a Certificate of Survey by an approved classification society detailing the parameters of the ship;
- make arrangements with the Isle of Man Ship Registry for a surveyor to inspect the ship prior to acceptance for registration to ascertain that the ship complies with International Conventions in respect of safety, prevention of oil pollution and manning. In addition, the surveyor will conduct any surveys as appropriate for the issue of International Convention Certificates;
- make arrangements with the Ship Radio Licensing Section for the issuance of a Radio Call Sign (visual signal letters) at the time of issuance of the Radio Licence and forward a copy of the notification letter; and
- pay fees prior to any inspection or survey being carried out, and the ship being finally registered. The fees are based on a fixed fee for registration whilst inspection/survey fees are based on an hourly rate for the surveyor plus the costs of travelling and subsistence.

Upon completion of the above procedures a Carving and Marking Note will be issued indicating how the ship is to be marked. When this is completed and signed by either the attending Isle of Man surveyor or a Classification Society surveyor the ship will be registered for any period up to 5 years and a certificate of registry will be issued along with the necessary statutory certificates.

---

### *Manning of Manx Ships*

#### **Introduction**

Ships crews may be sourced from a variety of labour supply countries. The Isle of Man subscribes fully to the requirements of STCW95, the detailed requirements of which are set out in the Merchant Shipping (Manning and Training) Regulations 1996.



### **Certificates of Competency and Ratings**

Isle of Man regulations stipulate that only officers who hold British Certificate of Competency can serve on Isle of Man registered merchant ships and commercial yachts. Anyone who does not hold a British Certificate of Competency must apply for an endorsement under STCW95 (Regulation 1/10) which recognises equivalent non-UK Certificates of Competency. The endorsement enables the individual to serve on an Isle of Man registered vessel. To obtain the endorsement, Form A-1 must be completed and submitted to Isle of Man Ship Registry, who will issue the endorsement if they are satisfied all criteria are met. In principle, all deck officers (including the Master) and engineering officers should hold a British Certificate of Competency or have obtained an endorsement in respect of an equivalent non British Certificate of Competency when serving on a commercially operated yacht.

### **Nationality of Crew**

The Isle of Man recognises certificates issued by a number of other countries for the issue of officer endorsements.

In each case the Isle of Man Ship Registry must evaluate the systems and procedures in place in that country, almost always by making a visit to assess training facilities, procedures and the operation of the Administration locally. When the standards applied in any country are found to be acceptable to the Isle of Man Ship Registry an undertaking is entered into with that country's Administration and from that point the certificates from that country can be recognised.



The table shows a list of all the countries that are currently recognised for the issue of Isle of Man endorsements. In some cases limitations apply.

Country	Limitations Applying
Australia	None
Belgium	None
Brazil	None
Bulgaria	None
Canada	None
China	None
Croatia	None
Cyprus	None
Czech Republic	None
Denmark	None
Estonia	None
Faeroe Islands	None
Finland	None
France	None
Germany	None
Greece	None
Hong Kong	None
Hungary	None
Iceland	None
India	None
Ireland	None
Italy	None
Latvia	None



Lithuania	None
Mexico	None
Netherlands	None
New Zealand	None
Norway	None
Pakistan	None
Papua New Guinea	For service on ships in coastal waters only
Philippines	None
Portugal	None
Poland	None
Romania	None
Russian Federation	None
Singapore	None
Slovakia	None
Slovenia	None
South Africa	None
Spain	None
Sri Lanka	None
Sweden	None
Ukraine	None
USA	None

**Safe Manning Certificates**

Safe manning levels will depend on the size of the yacht and the area or areas of operation. Presently, these areas may be defined for specified limited operational areas or unlimited. The Owner submits the manning proposal to the Marine Administration for consideration. When the Isle of Man Ship Registry is satisfied that the vessel is safely manned by the appropriate number of qualified personnel they will issue a safe manning certificate.



## *Fees and Taxes*

### **Registration Fees**

Administrative fees are payable to the Isle of Man Ship Registry for the first registry, transfer of registry of a yacht, and any subsequent transaction. Fees payable at the time of writing are as follows:

First registry or re-registry of a ship	£525
Transfer of registry of a ship	£525
Registration of a mortgage	£200
Registration of transfer of ownership by Bill of Sale	£200
Certified Transcript of Yacht's Registration entry	£35
Changes in Registered particulars	£35

These fees do not include Tonnage Measurement or other incidental fees which may also be incurred. There is no annual registration fee based on tonnage or otherwise.

### **Corporation Tax**

The Isle of Man has offered a zero rate of tax for shipping companies since 2002. This concessionary zero rate applies to income derived from the following shipping activities:

- Ownership
- Management (this includes crewing, training, technical communications, insurance, accounting, commercial or corporate)
- Chartering
- Brokerage
- Agency
- Stevedoring
- Financing and Investment



However, since the 6th April 2006, the various concessionary rates of income tax have been replaced by a standard zero rate of income tax for nearly all companies including companies engaged in shipping activities.

### *Future Prospects*

---

The Isle of Man is a unique European centre for international shipping business and with a quality Shipping Register that is highly regarded amongst industry professionals it is clear why the Island has become the flag of choice for many ship owners and operators.

This coupled with the advantage of the low costs involved in operations from the Island, the beneficial tax regime which exists and the Government's economic policy in providing positive encouragement to and promotion of shipping and ship management companies based on the Island will only lead to further growth and reinforce the Isle of Man's reputation as a premier jurisdiction for shipping.



*Who to contact at OCRA Isle of Man***Edward Leigh, BA (Hons) ACIS ACol TEP  
Director**

Edward Leigh is a Chartered Secretary, an Associate of the Compliance Institute and a member of STEP with several years experience in the marine industry. He is responsible for a portfolio of client companies and specialises in yacht registration and management.

Tel: + 44 (1624) 818894  
Fax: + 44 (1624) 818831  
Mobile: + 44 (7624) 488888  
Email: [leigh@ocramarine.com](mailto:leigh@ocramarine.com)

**Richard Dixon  
Managing Director**

Richard Dixon is a professional company manager with extensive experience gained in commerce and industry in the UK, Holland and Germany. He joined the Group in 1987 as Managing Director of the Isle of Man operation and has provided strong guidance and management throughout the Group's ongoing development. As Joint Group Managing Director, he has overall responsibility for day-to-day operations of the Isle of Man and our European Offices and region.

Tel: + 44 (1624) 811010  
Fax: + 44 (1624) 811011  
Mobile: + 44 (7624) 494100  
Email: [dixon@ocramarine.com](mailto:dixon@ocramarine.com)





**Stephen Porter**  
**Director**

Stephen Porter is a Group Director and a Director of OCRA Marine Services Limited. He joined the Group in 1989 and has been extensively involved in the management of yacht and aircraft owning structures for the past 10 years. a

Tel: + 44 (1624) 811008  
Fax: + 44 (1624) 818831  
Mobile: + 44 (7624) 481234  
Email: [porter@ocramarine.com](mailto:porter@ocramarine.com)



**Colin Forster**  
**Director**

Colin Forster is a member of the International Tax Planning Association. He gained senior management experience in the UK and overseas with The Chase Manhattan Bank N.A. with whom he served for twelve years. He joined the Group in 1988. In addition to managing OCRA (Isle of Man) Limited, Colin is responsible for a portfolio of clients which includes end-users, accountancy practices and legal firms.

Tel: + 44 (1624) 811002  
Fax: + 44 (1624) 811022  
Mobile: + 44 (7624) 494800  
Email: [forster@ocramarine.com](mailto:forster@ocramarine.com)



© Copyright OCRA (Isle of Man) Limited

CAUTION: The information in this booklet does not create a precedent. It is intended only as a general Guide and is not to be relied upon as the basis for any decision or outcome on the subject matter. Professional advice and consultation by Lawyers as applicable to the specific matter in question and in accordance to the laws and regulations in force at that time, must be obtained.