



## Ship Registration in Malta

The registration of ships under the Maltese flag is regulated by the Merchant Shipping Act of 1973, a law based mainly on UK legislation. However, this Act was subsequently revised and amended in 1986, 1988, 1990 and 2000. Furthermore, the main legislation is supplemented by a comprehensive set of rules and regulations. Thus, the main laws and regulations currently applicable are:

- The Merchant Shipping Act (1973), CAP. 234
- The Ships Eligible for Registration Regulations (as amended in 2003), S.L. 234.23
- The Merchant Shipping Fees Regulations (as amended in 2003), S.L. 234.06
- The Merchant Shipping (Licensing of Shipping Organisations) Regulations (2004), S.L. 234.41
- The Merchant Shipping (Shipping Organisations – Private Companies) Regulations (2004), S.L. 234.42
- The Merchant Shipping (Taxation and Other Matters Relating to Shipping Organisations) Regulations (2004), S.L. 234.43.

Malta has also adopted all the major international maritime conventions, including:

CLC 92; Tonnage 69; COLREG 72; Fund 92; INMARSAT; LLMC 1996 Protocol; Load Lines 66 (including 1988 Protocol); London Convention 72; MARPOL 73/78; SOLAS 74/78 (including 1988 Protocol); STCW 78 (including 95 amendments); SUA 88 (including SUA Protocol 1988); SAR 79; FAL 65; OPRC 90 and OPRC-HNS Protocol 00; and ILO Conventions Nos. 8, 16, 22, 53, 73, 74, 87, 98, 108, 138, 147 (including 1996 Protocol) and 180.

### Advantages of Registering a Vessel under the Maltese Flag

There are many advantages linked to registration under the Maltese flag, including:

- Ships may be registered in the name of a legally constituted corporate body or entity irrespective of nationality, or by European Union citizens.
- Low company formation, ship registration and tonnage tax costs; progressive reduction in registration and tonnage tax costs for younger ships.
- No restrictions on the nationality of the master, officers and crew of Maltese ships.

- No restrictions on the sale or transfer of shares of a company owning Maltese ships.
- No restrictions on the sale and mortgaging of Maltese ships.
- No trading restrictions.
- Preferential treatment to Maltese ships in certain ports.
- Twenty-four hour, seven days a week service in respect of urgent matters.

### Persons Qualified to Own a Maltese Ship

For a ship to be registered as a Maltese ship it must be wholly owned by the following:

1. citizens of Malta [Art. 4(1)(a) of the Merchant Shipping Act];
2. bodies corporate established under and subject to the laws of Malta, having their principal place of business in Malta or having a place of business in Malta and satisfying the Minister that they can and will ensure due observance of the laws of Malta relating to merchant shipping [Art. 4(1)(b) of the Merchant Shipping Act];
3. citizens of Member States of the European Union [Regulation 2(b) of the Ships Eligible for Registration Regulations S.L. 234.23}
4. a foreign corporate body or other entity which enjoys to the satisfaction of the Registrar-General legal personality in terms of the law under which it has been established or constituted and which has satisfied the Registrar-General that it can and will ensure due observance of the laws of Malta relating to merchant shipping [Regulation 2(a) of the Ships Eligible for Registration Regulations S.L. 234.23].

In the last two cases, such a person is referred to as an **international owner**. Such an international owner, in whose name a ship is registered in Malta, shall then be deemed to have submitted to the jurisdiction of the Maltese courts for any action in connection with the ship while it is or was so registered under the Maltese flag.

Then, for an international owner to own a Maltese registered vessel, he must appoint a resident agent, who is habitually resident in Malta.

Therefore, for an international owner to own a Maltese-registered ship, the following are required:

- (1) if the person is a citizen of the EU, a certified copy of his passport;
- (2) if it is a foreign body or entity, it must satisfy the Registrar-General of its legal personality in terms of the law under which it has been established or constituted;
- (3) if it is a foreign body or entity, it must satisfy the Registrar-General that it can and will ensure due observance of the laws of Malta relating to merchant shipping. Such a foreign body or entity is deemed to satisfy this requirement, unless the Registrar-

General has made a declaration to the contrary [Regulation 4(2) of the Ships Eligible for Registration Regulations S.L. 234.23];

- (4) appoint in writing a **resident agent** [Regulation 5 of the Ships Eligible for Registration Regulations S.L. 234.23].<sup>1</sup> A resident agent must be someone who:
- (a) is habitually resident in Malta;
  - (b) is not interdicted or incapacitated or is an undischarged bankrupt;
  - (c) has not been convicted of any of the crimes affecting public trust or of theft or of fraud or of knowingly receiving property obtained by theft or fraud; and
  - (d) has satisfied the Registrar-General to be a person capable of carrying out the functions stated in the Ships Eligible for Registration Regulations S.L. 234.23. A person shall be deemed to satisfy this requirement, unless the Registrar-General has made a declaration to the contrary.
- (5) an appointment form of the resident agent. Notices of the appointment, resignation or removal of the resident agent must be filed with the registrar in the prescribed form;
- (6) acceptance of the resident agent. A notice of appointment must be accompanied by the acceptance in writing of the resident agent of such appointment.

When these requirements are satisfied, the resident agent can then proceed to register the ship through the normal procedure.

The international owner can limit the powers of the resident agent, except with regards to matters relating to the registration of ships and to maintenance of such registration. However, in such cases the international owner must file with the Registrar-General a declaration to that effect in the prescribed form. Such limitation shall not have effect with regards to third parties until it is so filed.

Besides the normal registration fees, an international owner has to pay an extra € 250 on registration, and subsequently an extra € 117 every year.

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<sup>1</sup> It will be the duty of the resident agent to act as a channel of communication between the international owner and the Maltese government departments and authorities, to sign and file with the Maltese government departments and authorities all the necessary forms and declarations on behalf of the international owner, and to act as the judicial representative of the international owner for judicial proceedings in Malta. Any official notice sent to the resident agent at his last registered address shall be deemed to have been duly received and notified to the international owner. Thus, the international owner is fully answerable to the authorities through his resident agent.

### Which Vessels may be Registered

All types of vessels, from pleasure yachts to oil rigs, including vessels under construction, may be registered.

As a rule, trading ships of 25 years and over are not registered.

Ships of 20 years and over but under 25 years are required to pass an inspection by an authorised flag state inspector prior to being provisionally registered.

Ships of 15 years and over but under 20 years, are required to pass an inspection by an authorised flag state inspector before or within one month of provisional registration.

### Registration Procedure<sup>2</sup>

The registration procedure involves two stages: provisional registration and permanent registration.

Provisional registration, which in terms of law has the same effect as permanent registration, can be affected very quickly.

A vessel is first registered provisionally for a period of six months, which can be extended by a further six months. During this period all the documentation has to be completed for permanent registration. This includes, in particular, evidence of ownership and of cancellation of former registry.

The requirements for provisional registration are:

- An application for registration by the owner or an authorised representative, accompanied, if required, by an application for a change of name of ship.
- Proof of qualification to own a Maltese ship: in the case of a body corporate, the memorandum and articles of association; in the case of non-Maltese owners, appointment of a resident agent.
- A copy of the ship's International Tonnage Certificate, where applicable.
- A declaration of ownership made in front of the Registrar by the owner or an authorised representative.
- Evidence of seaworthiness; in the case of trading vessels, confirmation of class with a recognised organisation, and information of the ship statutory certification including Company ISM compliance.

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<sup>2</sup> Art. 10- 18A of the Merchant Shipping Act.

- Where applicable, request for the administration to authorise the appropriate recognised classification society to issue the ship's and the Company statutory certificates.
- Where applicable, application for Minimum Safe Manning certificate.
- Application for Ship Radio Station Licence.
- Payment of initial registration fees and annual tonnage tax.

Documents to be submitted during provisional registration:

- A builder's certificate in the name of the applicant, if the vessel has not been registered elsewhere. Otherwise, where there was previous ownership, a bill of sale or any other document by which the vessel was transferred to the applicant for registry.
- Where applicable, a cancellation of registry certificate issued by the administration where the vessel was last documented.
- In the case of SOLAS ships, a copy of the last updated Continuous Synopsis Record issued by the administration where the ship was last documented.
- A Certificate of Survey and a copy of the international Tonnage Certificate issued by an approved surveyor of ships.
- Evidence that the vessel has been marked in accordance with the law.
- Where valid appropriate certificates are not in place, the ship will be issued with a non-operational certificate of registry.

When all these requirements are satisfied, the vessel will obtain permanent registration. Then, a permanent certificate of registry, once issued, may be renewed annually, on payment of annual registration fees.

#### Recognised Organisations

For a ship to operate under the Malta flag it must carry at all times valid statutory certificates issued on behalf of the Malta government by a recognised organisation.

The following recognised organisations may issue survey, tonnage and convention certificates on behalf of the Malta government:

American Bureau of Shipping; Bureau Veritas; China Classification Society; Class NK; Det Norske Veritas; Germanischer Lloyd; Hellenic Register of Shipping; Korean Register

of Shipping; Lloyd's Register of Shipping; Registro Italiano Navale; Russian Maritime Register of Shipping.

### Closure of Registry<sup>3</sup>

Voluntary closure of the registry of a Maltese ship, followed by the issue of a Deletion Certificate is also a straightforward operation, provided there is the consent of all registered mortgages, and all liabilities and obligations of the ship towards the State of Malta have been fulfilled. Cancellation of registry by the administration for non compliance with the provisions of the law may also be effected after adequate time has been given to the owners to regularise matters, and to the mortgages to take the necessary action to protect their interests.

### Registration Fees and Tonnage Tax<sup>4</sup>

#### A. REGISTRATION FEES AND ANNUAL TONNAGE TAX FOR ALL SHIPS

<i>Ship</i>	<i>Fee on Registration</i>	<i>Annual</i>	
		<i>Basic Fee Lm</i>	<i>Tonnage Tax</i>
<i>Ships less than 24 metres length overall</i>			
Fishing Vessels	€ 70	€ 25	€ 36
Commercial Yachts	€ 115	€ 105	€ 175
<i>All other ships of less than 24 metres length overall</i>			
Less than 50 gross tonnage		€ 25	
Of 50 gross tonnage or more		€ 105	
	€ 115		€ 175

<i>Ship</i>	<i>Fee on Registration</i>	<i>Annual</i>	
		<i>Basic Fee Lm</i>	<i>Tonnage Tax</i>
<i>Ships of 24 metres length overall or more</i>			
(ii) Pleasure Yachts	23 euro cents per net tonnage subject to a minimum of € 172.50	€ 220	35 euro cents per net tonnage subject to minimum of € 350
(iii) Commercial Yachts; which do not fall under category (iv)	Rates as appear in Table B below	€ 590 for year of registration	Rates as appear in Table B below
		€ 1060 thereafter	

<sup>3</sup> Art. 28- 30 of the Merchant Shipping Act.

<sup>4</sup> First Schedule of the Merchant Shipping Act.

(iv) Non- propelled barges, bareboat charter registered in a foreign registry, laid up or under construction excluding ships in category ii	Rates as appear in Table B subject to reduction as appear in Table C	€ 115	Rates as appear in table B subject to reduction as appear in Table C
(v) Commercial vessels and fishing vessels less than 2500 gross tonnage, and do not fall under categories (ii), (iii) and (iv) above		€ 220	

<i>All other ships of 24 metres length overall or more and do not fall under categories (ii), (iii), (iv) and (v) above</i>			
Ships less than 300 gross tonnage	Rates as appear in Table B subject to reduction as appear in Table C	€ 335 for year of registration	Rates as appear in Table B subject to reduction or increase as appear in Table C
		€ 805 thereafter	
Ships of 3000 gross tonnage or more		€ 590 for year of registration	
		€ 1060 thereafter	

**B. RATES PER NET TONNAGE PAYABLE ON REGISTRATION & ANNUALLY IN RESPECT OF ALL SHIPS, EXCEPT PLEASURE YACHTS, OF 24 METRES IN LENGTH OVERALL & MORE**

<i>Ship of Net Tonnage (NT)</i>		<i>Fee on Registration</i>	<i>Annual Tonnage tax</i>
<i>Exceeding</i>	<i>Not exceeding</i>		
0	2,500	€ 575	€ 875
2,500	8,000	€ 583 plus 23 euro cents for every NT in excess of 2,500 NT	€ 875 plus 35 euro cents for every NT in excess of 2,500 NT
8,000	10,000	€1,840 plus 7 euro cents for every NT in excess of 8,000 NT	€ 2,800 plus 19 euro cents for every NT in excess of 8,000 NT
10,000	15,000	€ 1,980 plus 7 euro cents for every NT in excess of 10,000 NT	€ 3,180 plus 14 euro cents for every NT in excess of 10,000 NT
15,000	20,000	€ 2,330 plus 7 euro cents for every NT in excess of 15,000 NT	€ 3,880 plus 12 euro cents for every NT in excess of 15,000 NT
20,000	30,000	€ 2,680 plus 7 euro cents for every NT in excess of 20,000 NT	€ 4,480 plus 9 euro cents for every NT in excess of 20,000 NT
30,000	50,000	€ 3,380 plus 7 euro cents for	€ 5,380 plus 7 euro cents for

		every NT in excess of 30,000 NT	every NT in excess of 30,000 NT
Exceeding 50,000		€ 4,798 plus 7 euro cents for every NT in excess of 50,000 NT	€ 6,780 plus 5 euro cents for every NT in excess of 50,000 NT

**B. REGISTRATION FEES AND ANNUAL TONNAGE TAX IN RESPECT OF ALL SHIPS, EXCEPT PLEASURE YACHTS, OF 24 METRES IN LENGTH OVERALL AND MORE, SUBJECT TO REDUCTION OR INCREASE AS FOLLOWS AS IN CONNECTION WITH THE RATES IN TABLE A.**

<i>Age* of Ship</i>		<i>Reduction on Fee on Registration %</i>	<i>Reduction or Increase on Annual Tonnage Tax %</i>	
<i>Equal to or Exceeding</i>	<i>Less than</i>			
<i>Years</i>				
0	5	50	-30	
5	10	25	-15	
10	15	-	-	
15	20	-	+5	
20	25	-	+10	Subject to minimum increase of € 1,165
25	30	-	+25	
Equal to or exceeding 30		-	+50	

**C. FURTHER PROVISIONS**

- Besides the annual tonnage tax referred to in table A above, there is an annual basic fee of € 1,060
- Where the annual tonnage tax for any one year is paid after the anniversary of registration for that year it shall be increased by 10%.
- Pre-registration inspections are subject to a minimum charge of € 2,330.
- Inspections within one month of registration (i.e. ships of 15 years and over but under 20 years) are subject to a € 1.165 minimum charge when the total net tonnage is less than 5,000; there is no charge when the net tonnage is 5,000 and over.

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*\*"age" in relation to a ship, means the difference between the year in which the ship was built and the year in respect of which the fee is due;*

## CONTACT INFORMATION

For Further Information please contact

**Jonathan Corrieri or Dr. Silvio Cilia**  
Directors

**ITPS (MALTA) Limited**



St. Helena's Building, Tumas Fenech Street,  
Birkirkara BKR2526  
Malta.

Tel: +356-21-443350

Fax: +356-21-499920

e-mail [jonathan.corrieri@itps-group.com](mailto:jonathan.corrieri@itps-group.com) or [silvio.cilia@itps-group.com](mailto:silvio.cilia@itps-group.com)

Web address [www.itps-group.com](http://www.itps-group.com)