

BVI – a gateway to easy registration of your yacht

Those persons who live in the northern hemisphere, have come to the end of yet another summer, and are moving quickly through autumn into a northern winter. On the flip side, no pun intended, those in the southern hemisphere, have bid farewell to Old Man Winter, and will themselves move quickly through a southern spring into summer. Regardless of time or season, it is always a good time to sail in the pristine waters of the British Virgin Islands (BVI) and naturally, it is similarly always relevant to consider registration of your yacht under the BVI flag.

By way of background, the BVI houses a Category 1 Branch of the General Register of British Ships that can accommodate the registration of yachts measuring up to 3000GT, and cargo vessels of unlimited tonnage. As a useful complement to the BVI's ship registration categorisation, it is also home to a Category One aircraft register under the International Aviation Safety Assessment programme. Further, in the context of international corporate finance, it is widely accepted that the BVI is the premier tax-neutral offshore corporate domicile which is borne out in, among other things, the fact that in some international financial centres, the offshore company is known generically as a "BVI". The result is that lenders the world over are familiar and comfortable with structures involving BVI companies making lending easy and pain-free; so too are yacht owners, and yacht managers alike. Simply put, the combination of Category One aircraft and ship registries and the BVI company with its statutorily-engineered flexibility, viewed against the backdrop of the jurisdiction's political and social stability, makes the BVI the perfect choice of offshore centre for the discerning high net worth individual, among others.

Registering a yacht under the BVI flag is simple. An application is made to the Registrar of Ships using prescribed forms which are readily available. To prevent name duplication, the proposed name of the yacht must first be approved, and a marine surveyor from an approved classification society or one appointed or authorised by the Registrar of Ships must survey the yacht and prepare a Certificate of Survey/Tonnage Certificate in respect of the yacht. The proposed owner must be qualified to own a BVI-registered yacht, and a BVI company is typically incorporated for this purpose. To establish existence, the company's Certificate of Incorporation together with proof of title to the yacht by way of a Bill of Sale, Builder's Certificate or other evidence of ownership must be submitted along with the application. Once the Certificate of Survey/Tonnage Certificate and documentary evidence of title are available, the application is prepared using the prescribed forms. One

known as “Appointment of Authorised Officer” must be executed by the owner naming an individual who will make the application for registration, and sign the application documents on the owner’s behalf. An “Undertaking to Act as Representative Person” is required to be signed by the person appointed as such by the owner of the yacht.

Once the required documents are submitted to the Registrar of Ships in good order, an Official Number is assigned to the yacht, and the Carving and Marking Note (C&M Note) is issued to the applicant. The C&M Note is produced within 24 hours of submitting the application to the Registry, and reflects the yacht’s name, Port of Registry, official number and registered tonnage, which are required to be carved/marked on the yacht in accordance with the instructions on the C&M Note. Depending on the size of the yacht, either an approved marine surveyor or the owner is required to complete and sign the C&M Note certifying that the yacht has been marked and carved accordingly. When the C&M Note has been returned to the Registry – in the case of a C&M Note signed by the owner, together with photographs reflecting due carving and marking – the Registry produces the Certificate of British Registry/Blue Book signifying completion of the registration of the yacht.

Given our significant expertise in BVI shipping law and practice, we at Harneys have developed an attractive portfolio of wealth management and asset-holding tools, which, coupled with the commercial sensitivity and breadth of experience of our industry-leading professionals, create the perfect counterpart to the jurisdiction’s offerings as the offshore financial services centre of choice for, among other things, company formation and yacht registrations.

For additional information on the registration of ships in the BVI, please contact us at shipping@harneys.com.

The foregoing discussion and analysis is for general information purposes only and not intended to be relied upon for legal advice in any specific or individual situation.

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