

Cayman Islands

Introduction

The Cayman Islands, which comprises three islands in the Caribbean Sea south of Cuba, is a British Overseas Territory, originally discovered by Christopher Columbus.

Since then, they have gone a long way and the financial service sector is one of the main industries in the Cayman Islands, and there is a substantial commitment by the government to the continued development of the offshore financial service industry. The Cayman Islands is a leading financial centre in the Caribbean, with over 584 licensed banks and trust companies. All the main international accounting firms are present, and there are numerous high-quality law firms. Communications and transport links are excellent, including regular flights from Miami, which is only one hour away. Cayman Islands companies law is based on the English common law. The most popular type of the Cayman Islands company is the exempted company. A royal decree in 1798 freed exempted companies from tax indefinitely, and this decree remains in force.

The Cayman Islands Shipping Registry ("CISR") is a Category 1 British Registry, the highest possible ranking, and is authorised to certify all sizes and types of vessel. A ship registered in the Cayman Islands is a "British Ship" entitled to fly the red ensign flag and is afforded protection through the Royal Navy and its allies, together with access to an unparalleled diplomatic and consular network worldwide.

Vistra Marine & Aviation Ltd.

Vistra is focused on giving private clients tailor-made solutions. Vistra Marine & Aviation Limited provides assistance with registration of company and yacht, asset administration, corporate structuring and services, accounting, payroll, yacht financing, customs, VAT, and tax compliance service.

Using our network, including lawyers, tax advisors, and yacht brokers, Vistra provides assistance with purchasing of your yacht, setting up a company and administering both company and yacht.

Advantages of a Cayman Islands Company and the flag

The formation of a Cayman Islands Company provides a solid legal solution and is a tax efficient solution for yacht owners. Some of the many key benefits are listed below:

- Based on English common law
- No annual reporting, accounting or auditing requirements for a Cayman Islands Company
- There is no minimum capital requirement for a Cayman Island Company formation
- Exempted companies may apply for a 20-year tax exemption certificate

Registering a yacht in the CISR is recommended in view of the expertise of the CISR, the reputation of the Cayman Islands flag internationally, the ease with which a yacht and any mortgage can be registered and the security of the Cayman Islands, its developed British based legal system and infrastructure all persuasive reasons to register in the Cayman Islands.

Option for Registration of the yacht

Under the Cayman Islands flag yachts can be registered as a private yacht or a commercial yacht.

In addition, the CISR provides the possibility to issue a certificate for a private registered yacht to be engaged in limited commercial activity up to 120 days in the Caribbean Area (based on the Shipping Notice 02/2016 Rev 1).

Furthermore, the Cayman Island Registry recently introduced the Yacht in Trade Certificate (YET) (based on the Shipping Notice 03/2017 Rev 1), which allows private registered yachts over 24meters to be used for charter activities up to 84 days per calendar year. This programme has been first authorised in France and is under process to be extended to other EU Countries (Italy, Spain and then Croatian, Greece).

The advantages of the YET and Caribbean Area programme is that the Owner can privately use their yacht without losing the option to charter the yacht on an occasional basis to offset the annual running costs.

Who can register?

Clients form a Cayman Islands exempted company for the purpose of owning a Cayman Islands registered yacht (as well as yachts registered elsewhere). However, it is possible for other persons, both corporate and individuals, to also qualify to own a Cayman Islands registered yacht.

If the yacht shall be owned by a non-Cayman Island persons, both corporate and individuals, a Representative Person needs to be appointed.

Registration procedure

The following steps need to be done to complete the registration of a yacht:

- Check the Yacht Name Availability
- Qualification of the Ownership Structure and Proof of a Legal Title
- Completion of Registration Forms and Submission of Supporting Documentation and Fees
- Issuance of Certificate of British Registry and Carving and Marking Note
- Application for a Radio License

Some tips in respect of navigation

The use of the yacht in European Waters, the Caribbean or South East Asia, either for private or commercial activity, may result to Import VAT/GST implication in the relevant region. There have been many changes in the last years, e.g. implementation of GST in several countries in South East Asia, or VAT on charter in EU-Countries.

In the EU, VAT is regulated by the Sixth EU VAT Directive. An EU Directive sets out objectives which require Member States to achieve a particular result, but it is up to the individual countries to devise their own laws on how to reach these goals. The use of a private registered yacht under the Cayman Island flag may lead to a Import VAT in Europe, when the yacht touches the first Harbour. In this case the EU Directive provides for non-EU resident yacht owner the possibility to bring their yacht into Europe for a limited time, such as a holiday, and under certain conditions without having to pay VAT on the value of their yachts under the Temporary Importation procedure. For commercial registered yacht, which intend to do charter activity in Europe, some countries like France and Malta, offer the possibility to bring the yacht into Europe without paying VAT through a exemption/deferment procedure.

The ASEAN Economic Community (AEC), launched in 2015, has the aim to open up a single market which will liberalize the trade by removing barriers to movement of goods. At the same time various countries (e.g. India) in South East Asia introduced a Good and Sales Tax (GST), similar to the EU VAT System. These two major developments needs to be recognized and in view of a arising Import GST analyzed, when the yacht under Cayman Island flag will be used in these region.

In addition to the above Customs Code in various zones should also be considered as they often provide additional procedures of paperwork for yacht owners to comply with.

How Vistra can help?

- Assist you with the set up of the yacht owning entity and yacht the registration under Cayman Island flag
- Preparation of Accounting and Management Reports
- Acting as the Representative Person for your foreign entity, if applicable
- Assistance with the Charter Activity in the relevant jurisdiction
- VAT/GST/Customs Compliance
- Crew Management and Payroll Services

Contact

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