

DISCOUNTS WHEN REGISTERING A GROUP OF SHIPS

LEGISLATIVE ASSEMBLY

LAW NO. 25

(3 June 2002)

Amends articles of law 36 of 1995, regarding the payment fees for Ship's Registry and dictates other dispositions.

THE LEGISLATIVE ASSEMBLY

DECREETS:

Article 1. Article 22 of Law 36 of 1995 will remain:

Article 22. The payment for registration fees, referred to in article 2 of Law 4 of 1983, subrogated by article 2 of Law 19 of 1992, will have, upon request of the interested Party, the following discounts when registering a group of ships in accordance with the following table:

- a. Groups of at least three ships, representing from thirty thousand gross tonnage registration (30,000 GTR) to fifty thousand gross tonnage registration (50,000 GTR) registration; up to a twenty percent (20%).
- b. Group of at least three ships, representing from fifty thousand gross tonnage registration (50,000 GTR) to one hundred thousand gross tonnage registration (100,000GTR); up to thirty percent (30%).
- c. Groups of at least three ships, representing more than one hundred thousand gross tonnage registration (100,000 GTR); up to fifty percent (50%).

A fifty percent (50%) discount may be granted over the registration fee, when registering a ship, with one hundred thousand gross tonnage registration (100,000 GTR), for which the General Directorate of Merchant Marine from the Panama Maritime Authority will issue a Resolution, taking in consideration the type of ship, year of construction and background of the owner with the Panamanian Registry.

For the application of literal a, b and c of this article, the General Directorate of Merchant Marine of the Panama Maritime Authority, will issue a Resolution granting this discounts.

Paragraph 1. For the application of this article, a group of ships will consist of a minimum of three ships, owned by the same person or people, conforming a, or being Part of, the same economic group. It will be understood, that a same economic group exists, if the applicants can prove that they are a subsidiary of the same person or that they are affiliated among them, because it is a common property, direct or indirect from a third Party or because it is subject to its administrative control.

It will be presumed that such relation or common control exists when the third Party, in whom the property link or administrative control relies, has a direct or indirect right to a minimum of twenty percent (20%) of the capital of the subsidiaries or affiliates, or has the majority of the votes in its administration organisms, which will be proved in "prima facie", through an affidavit from a representative of the interested Parties before a Public Notary.

Paragraph 2. Upon the registration request, the General Directorate of Merchant Marine of the Panama Maritime Authority, may grant, through a Resolution the following discounts:

1. When groups of a minimum of four new construction ships, representing at least, more than fifty thousand gross tonnage registration (50,000 GTR) to one hundred thousand gross tonnage registration (100,000 GTR), up to an additional twenty five percent (25%) discount may be granted over the annual tax and a fifty percent (50%) over the Annual Consular Fee, for a period of four years, as long as the owners make a commitment to keep the ship under the Panamanian Registry for that same period.

2. When groups of minimum of four new construction ships, representing at least, more than one hundred thousand gross tonnage registration (100,000 GTR), up to an additional thirty five percent (35%) discount may be granted over the annual tax and a fifty percent (50%) over the Annual Consular Fee, for a period of four years, as long as the owners make a commitment to keep the ship under the Panamanian Registry for that same period.

3. If the ships are transferred to another registry before the termination of the above term, upon its cancellation, the difference will be discounted in virtue of this paragraph, corresponding to the years of registry to be included for its collection within the cancellation rights.

4. To make use of this benefit, the owner must submit, through a legal empowered, a legal petition, stating the economic group and the number of ships, its gross tonnage, type of service, year of construction and the names or number of hulls, as well as the condition the new construction, through a certificate of construction, a certification from the shipyard certifying the condition of the ship's construction.

Paragraph 3. The General Director of Merchant Marine of the Panama Maritime Authority may recognize the groups of ships, representing more than one hundred thousand gross tonnage registration (100,000 GTR) and the taxes and fees they have paid in its former registry, corresponding to the fiscal period, currently in force in the Republic of Panama, to be applied to the Panamanian Registry for its first year of registration, as long as they guarantee permanence with the Panamanian Maritime Registry for a period of four years.

Article 2. Article 23 of Law 36 of 1995 will remain:

Article 23. In special cases, where owners keep groups of ships registered under the National Merchant Marine, the General Director of Merchant Marine of the Panama Maritime Authority, may allow payment without extra charge or interest, over taxes, annual fees and other obligations required to ships registered in the Panamanian Registry, provided they comply with the following requirements:

1. Those ships belong to the same owner or economic group
2. That the group of ships or the same owner or economic group be of more than fifteen ships or representing a more than one hundred fifty thousand gross tonnage registration (150,000 GTR).
3. That the special deadline to comply with the payment of taxes, annual fees and other fiscal obligations, do not exceed the fiscal period.

The same benefit may be granted to owner in general, in those cases of economic or financial crisis, declared by the country's authorities, where the Republic of Panama has a Merchant Marine Consulate. In these cases the owner making payments in these Consulates must submit a request to the General Director of Merchant Marine of the Panama Maritime Authority.

Article 3. Article 24 of Law 36 of 1995 will remain:

Article 24. The General Director of Merchant Marine of the Panama Maritime Authority, may grant payment arrangement for dilatory debts dept with the National Treasury to ships registered under the Panamanian Registry, provided the period granted do not exceed a year, as of the date of the signature of the payment arrangement.

Article 4. The registered tonnage of ships may be taken in consideration to grant the discounts this Law and Law 36 of 1995 authorizes. The request for discount must be submitted the latest upon request for Registration. Every application submitted after this date will be rejected.

Article 5. The present Law amends articles 22, 23 and 24 of Law 36 of 6 of July 1995

Article 6. This Law will be in force as of its promulgation.

LET IT BE NOWN AND COMPLLIED WITH

Approved in third debate, at the Palacio Justo Arosemena, city of Panama, on the 18 day of the months of April, year two thousand two.

The President The General Secretary A.I.

RUBEN AROSEMENA VALDEZ JORGE RICARDO FABREGA

NATINAL EXECUTIVE ORGANISM- PRESIDENCY OF THE REPUBLIC -
PANAMA, REPUBLIC OF PANAMA

MIREYA MOSCOSO ARNULFO ESCALONA RIOS
President of the Republic Ministry of the Presidency A.I.