

PANAMANIAN REGISTRY OF SHIPS (ADVANTAGES)

The Panamanian Registry offers many facilities which might be of considerable interest to ship-owners who wish to register their vessels under the Panamanian flag. Here are some of the advantages:

Ownership:

Panama has no restrictions on the legal ownership of a vessel. Any person or company regardless of nationality and place of corporation is eligible to register ships under the Panamanian flag. Furthermore, there is no income or withholding taxes payable when the income is a result of the operation of a vessel engaged in international trade.

Minimum Requirements:

There is no minimum length or tonnages requirement. However, vessels over 20 years old will have to pass a special inspection by an authorized Panamanian Inspector, in order to obtain the Permanent Navigation Patent.

Technical Certificates:

Ship-owners who wish to transfer their ships to the Panamanian flag will not be required to have them re-surveyed if the ships possess valid safety and tonnage certificates issued by a recognized society. The acceptance of valid certificates at the moment of registration, obviates the necessity to have the ship dry docked prior to registration and consequently saves the ship-owner considerable expenses. However, upon the registration a recognized entity (national or international) should issue a new set of certificates on behalf of the Administration.

Segumar:

New York Representative Office. Since 1977 has been providing assistance and advice on safety and technical matters concerning the Panamanian Registry and also directs the inspection program of Panamanian flag vessels. More than 525 inspectors are authorized to inspect Panamanian flag vessels in more than 400 ports worldwide.

THE REGISTRATION PROCEDURE

The procedure for registration of vessels under the Panamanian flag is very simple and straight forward.

I PROVISIONAL REGISTRATION:

The registration process begins with the application for provisional registration by the owner's legal representative duly empowered.

Documentation required for ship registration

(For the purpose of the provisional registration, this documentation can be send by fax or photocopy, but for the purpose of the permanent registration the same has to be in originals and duly authenticated before Panamanian Consulate, as we explain herein):

- (1) Application for official number, call signs and registration of each vessel. It is most important to provide the correct information of the vessel. (The information to fill the application is in Annex 1)
- (2) Application for Radio Station License. It's most important to provide the correct information of the radio equipment of the vessel.
- (3) Power of Attorney authorizing local lawyer in Panama to act in applicants name.
- (4) Bill of sale or Builder's Certificate (required for new building vessels);
- (5) Deletion Certificate or Official Consent (not required for new building). The consent of the Government implies that the vessel is free and clear of recorded mortgages, liens and encumbrances;
- (6) Proof of Oil Pollution Insurance for oil tankers.

All the documents must be notarized and authenticated before Panamanian Consulate.

For the Issuance of Provisional Registration:

- (1) Provisional Registration:
Upon receipt of all above mentioned documents and fees, the Provisional Patent (valid for 6 months) and Provisional Radio License (valid for 3 months) can be issued by an Authorized Consulate or at the head office in Panama. Please note Panamanian Consulates cannot issue Definitive Patents nor Definitive Radio Licenses.
- (2) Preliminary Registration of Title and Mortgage:
If step 1 has been completed, an extract of vessel's Bill of Sale, Mortgage or other document may be registered at the PANAMA PUBLIC REGISTRY. (Please note this procedure is not

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mandatory, its use is determined by the client's needs) This preliminary registration was created to fill the gap between provisional registration and permanent registration, since for the latter, translation into Spanish and protocolization before a local notary is indispensable, before actual microfilming against vessel's records takes place.

An application for this purpose can be lodged locally or thru the relevant Panamanian Consulate. The preliminary registration remains in full force and effect for a period of 6 months. Within this period, the documents that served as the basis for the preliminary registration must be sent to local solicitors in Panama for their Permanent Registration. If no documents are submitted in due date for their Permanent Registration, the Preliminary Registration lapses by virtue of law.

The documents sent for their Permanent Registration following Preliminary Registration must contain a special Consular seal Affixed by the Panamanian Consulate of the place where the Preliminary

Registration took place, which identifies those documents as the ones which served as the basis for the Preliminary Registration. If and when Permanent Registration takes place, the effect of said Permanent Registration is deemed to be effective as of the date of the Preliminary Registration.

II PERMANENT REGISTRATION:

The Permanent Patent is issued only at the Registry head office in Panama after all documents have been filed and the title deed of the vessel has been recorded at the Public Registry Office in Panama. In the case of new flags in which the payment was effected thru consulate, SECNAVES will require proof of payment prior issuance of this document.

As soon as the Title documents have been Permanently Registered at the PANAMA PUBLIC REGISTRY, the issuance of a Definitive Patent can be requested at SECNAVES. If the application for issuance of Definitive Patent in proper form is not lodged at SECNAVES within 6 months of vessels Provisional Registration, then the vessel will accrue a mandatory penalty fee of US\$ 500.00 plus Patent extension taxes at the rate of US\$ 50.00 per month. If a Definitive radio license application in proper form is not lodged before the expiration date of vessel's initial provisional radio license, extension taxes at the rate of US\$150.00 dollars each three (3) months will be collected by the authorities until the application is lodged.

The documents required for permanent registration are:

- (1) Proof of Ownership. Bill of Sale/Acceptance of Sale in Panamanian form., or Court's Bill of sale or a Builder's Certificate can also be presented. (Please note a Builder's Certificate is only acceptable if the vessel in question is a new building.
- (2) Deletion from previous registry. This document must be presented duly sealed with Apostille or legalized by Panamanian Consulate.
- (3) Letter of appointment. This document should appoint a Panamanian Lawyer or Law firm as the vessel's shipping agents in Panama.
- (4) Tonnage certificate. This document must be issued by a classification society authorized to act as such by the Republic of Panama and must be issued in Panamanian form.
- (5) Accounting authority contract. A photocopy or fax copy of the contract must be presented to SECNAVES. Alternatively, a telex or fax received by SECNAVES directly from the accounting authority will suffice.
- (6) Technical certificates. These can be lodged at the Shipping and Consular Bureau at a later date. This is to say, lack of presentation will not delay the issuance of a Definitive Patent.

III THE SPECIAL PROVISIONAL REGISTRY

Special Provisional Registry has a duration of three (3) months, at which time the said registration as a matter of Law shall be canceled. The Special Provisional Registry will be conceded to vessels of international service destined for demolition, temporary trips, or any other type of temporary navigation.

The interested party must comply with the following requirements:

- (1) Power of Attorney of a Panamanian lawyer.
- (2) Proof that the vessel belongs to the interested party as owner.
- (3) Deletion from previous registry of the vessel; nevertheless, this document can be presented to the Shipping and Consular Bureau later on, when the provisional navigation documents are issued.
- (4) The vessel must comply additionally with the requirements which are applicable to it, in accordance with the International Agreements in connection with Navigational Safety, Load Line, and Prevention of the Contamination of the Marine Environment which have been ratified by the Republic of Panama.

IV DUAL REGISTRATION

Foreign vessels chartered for a period not exceeding two years may be registered under Panamanian flag without loss of their nationality and subject to the approval by the government of the country where the vessel is registered. For this purpose, a true copy of the charter contract (including ship-owner's consent), certificate of registration under foreign flag and certificate of approval issued by the country where the vessel is registered must be presented to the Panamanian authorities.

The procedure is the same as when flagging a vessel. An application must be completed with full particulars of the vessel and lodged either at a Consulate abroad or locally in Panama. The Shipping & Consular Bureau then grants a special provisional patent with a validity of two (2) years. (Please note under this system title documents cannot be registered at the Panama Public registry, therefore issuance of a Definitive Patent is not possible). A Provisional Radio License is also issued for three (3) months, and a Definitive License is issued thereafter.

The documents required are:

- (1) A true copy of the charter contract.
- (2) Certificate or other document issued by a governmental body with particulars of title and encumbrance registration.
- (3) Certificate of approval or no objection to registration in Panama issued by Foreign authority.
- (4) Letter of appointment to Robles & Robles.
- (5) Duly completed Definitive Radio License application with full particulars with radio equipment aboard the vessel duly signed by the ship-owner. Please note in order to obtain vessel's Definitive Radio License the owners must select a company authorized to act as accounting authority for radio station approved by Panama.

Please note if any of the above documents is not available at the time of flagging, MARINA MERCANTE may be willing to defer with presentation provided the relevant particulars are furnished, however, the certification of approval must be submitted at least in fax form. All documents have to be duly notarized and legalized by Panamanian Consul or sealed with Apostille.

Panamanian registered vessels which are the object of a charter contract for a period of two years which can be extended, may be registered in a special foreign registry without loss of Panamanian nationality, provided a similar procedure exists in the country where the vessel is to be registered and that the executive branch through the shipping and consular bureau of the ministry of finance and treasury gives its approval to such special registration.

V CONSENT FOR SALE

Certificates of ownership, encumbrances, tax cleared and consent for sale may be issued locally or thru Panamanian Consulate provided the vessel in question is tax cleared. The issuance of such official consent for sale is not mandatory and its convenience can only be determined by client's needs. (Usually this is a condition precedent required by the purchaser of a vessel).

VI DELETION

Deletion from Panamanian flag is possible if a) all the documents for permanent registration have been lodged and b) if the vessel is tax cleared and free from registered encumbrances.

The relevant deletion tax is paid to the authorities and a final deletion resolution is issued. Panama will not delete a vessel subject to mortgage, even if mortgage's consent is obtained. All mortgages of record must be discharged. As with other documents, discharges can be registered preliminary and/or permanently, however the issuance of a free from encumbrance certificate is authorized when permanent registration takes place, this is to say, the discharge must be translated into Spanish, protocolized before a local Panamanian notary and microfilmed at the Panama Public Registry against vessel's records, before the vessel is considered permanently free from registered encumbrances.

ANNEX 1

INFORMATION THAT MUST BE PROVIDED TO THE OFFICES OF ROBLES & ROBLES TO EFFECT VESSEL'S INITIAL REGISTRATION:

1. Name of the Vessel
2. Previous Name of Vessel, if any
3. Previous Nationality of the Vessel, if applicable
4. Name and Nationality of Owner and its correspondence abroad.
5. Accounting Authority for Radio Station.
6. Number of Decks, Masts and Funnels.
7. Material of Hull.
8. Length, Depth and Breadth of Vessel.
9. Gross and Net Tonnages.
10. Service of Vessel, e.g. DRY CARGO, TANKER OR OTHER.
11. Place and Date of Constructions.
12. Name of Builders.
13. Number and Type of Engines.
14. Number of Cylinders.

15. Engine Manufacturers.
16. Speed of Vessel.
17. Horse Power.
18. Name of Classification Society.
19. ISM Code and DOC (if applicable)

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