

Requirements for the Sri Lankan Ship Registry

General:

1.1. How to apply:

Inquiries and application for registration of Vessels/Yachts under Sri Lanka Flag should be sent either to the:-

Registrar of Ships
Merchant Shipping Division, First Floor,
Bristol Building, 43-89, York Street,
Colombo 01,
Sri Lanka.

Tel : +94 112 441429/ 435127
Fax : +94 112 435160/ 441429/ 380764
E-mail : dmsmos@slt.net.lk

to accredited Officer under the Merchant Shipping Act, No. 52 of 1971 whose names and address are given in Annex 1. (Page 14)

Application forms referred to may be obtained upon request from these offices.

1.2. Qualifications for Owning a Sri Lankan Ship:

A Ship or a Yacht to be Registered in Sri Lanka should be owned wholly either by:-

- (a) a natural person who is a citizen of Sri Lanka.
- Or
- (b) any body corporate as may be determined by Minister.

1.3. Age of Vessel :

Vessels more than 20 years of age from completion of first construction may not be considered for registration.

1.4. Number of Copies of Documents:

All documents required for registration must be submitted, except instruments to be records as per specimen, which must be submitted in the number of copies specified.

1.5. Oaths:

All required oaths must be taken before any one of the following :-

- (a) Registrar of Ships;
- (b) Sri Lanka Consul or a Consular Officer;
- (c) Any other person specifically designated by the Registrar of Ships for the administration.

1.6. Vessel to be in Class :

No vessel shall be registered unless at the time of registration, such vessel is classed by one of the following Classification Societies :-

American Bureau of Shipping;(ABS)
Bureau Veritas; (BV)
Des Norske Veritas;(DNV)
Germanischer Lloyd;(GL)
Lloyds Register of Shipping;(LR)
Nippon Kairi Kyokai; (NK)
Polish Register of Shipping;
Register of Shipping of the Peoples Republic of China;(CCS)
The Russian Register of Shipping;(RS)
Deutsche Schiffs-revisions and Klassifikation Gesellschaft;
Korean Register; (KR)
Indian Register of Shipping;(IRS)
Registar Italiano (RINA)

1.7. Authority of Classification Societies:

Certificates for registration issued under the provisions of the SOLAS Convention 1960 and Load Line Convention 1966 or any other International Convention to which Sri Lanka is a party, must be issued by one of the Classification Societies listed above.

These Classification Societies are authorized by the Registrar of Ships in Sri Lanka, to issue Certificates under the aforementioned Conventions, as well as for issuing a Sri Lankan Certificate of Measurement. Request for such Certificates should be made directly to the Classification Society, with whom the vessel is classed.

1.8. Registration Fees :

The registration fees/tonnage tax as shown in the annexed schedule are payable in advance, nett, without deduction and payable in US Dollars or any other convertible currency.

2. Request for Provisional Vessel Registration (*Valid for 6 months*):

2.1. Application Form-vide specimen

- (a) An application for official number, Call Sign and registration of vessel.
- (b) Consent of the country of current registry to transfer registry to Sri Lanka; if actual can collation certificate is submitted, this requirement is waived.
- (c) Original Bill of Sale or if a new building construction Certificate and other proof of owner ship duly legalized by the Competent Authority.
- (d) Where applicant owns a vessel under Foreign Flag and is transferring to Sri Lankan Flag without change in ownership, proof of ownership duly legalized by the Competent Authority.

- (e) If a mortgage transaction and recording is to take place, applicant must show the name of the mortgagee, total amount of mortgage discharged, amount and date of maturity. In such event mortgage will be assigned in the name of the assignee.
- (f) Certified copies of the Resolutions of the respective Boards of Directors and/or the power of attorney to the accredited Officer/ Agent of the buying and selling company.
- (g) A statement of the number of shares in the ship.
- (h) The name of the Master and his citizenship.
- (i) A declaration to the best of the applicants knowledge and belief that no unqualified person or body of persons is entitled as owner to any legal or beneficial interest interest in the ship or any share therein.

2.1. (a) Following documents required for Call Sign.

- (a) Current Ship Station Licence.
- (b) Letter from Registrar of Ships confirming the registration of the Ships.
- (c) The I.T.U. form giving all particulars of ship's Radio Equipment.

2.2. Confirmation of Class:

The certificates of Confirmation of Class or Certificate of Seaworthiness issued by the Society, with which the vessel is classed and dated not more than 14 days prior to the date of application for registration.

2.3. A Certificate that the vessel is Free From Lines:

This is required in the case of vessels being transferred from a Foreign Registry. This statement must be issued and certified by a Government Department and may be included in the consent to transfer.

2.4. Certificate of Good Standing :

Certificate of good standing issued by Governmental Authority or Country they are incorporated relating to the name.

- (a) Persons holding Office as (a) Directors, (b) Secretary, (c) Legal existence (d) and present good standing of the Company.

2.5. Registration Fees:

All applications should be accompanied with the fees specified in the schedule.

2.6. Authority of Officer or Agent:

Power of Attorney or Secretary's Certificate of Corporate Resolution, authorizing one or more persons to act for or on behalf of the Applicant in making application for registration of vessel and to perform all acts necessary to effect same.

2.7. Cancellation of Foreign Registry:

In the case of vessel being transferred from a foreign registry a certificate or other valid document which would be acceptable to the Registrar of Ships as proof of cancellation of the vessel from such foreign registry.

3. Requirements for the Issurance of Permanent Certificate of Registration (Valid for four years):

- (a) A Certificate of Class Maintenance issued by a Classification Society recognized by Sri Lanka.
- (b) Sri Lanka Load Lines Certificate issued under provisions of the International Load Lines Convention. – 1966
- (c) Sri Lankan Cargo Ships Safety Equipment Certificate issued under provisions of the International Convention for the Safety of Life at Sea 1974 (SOLAS 1974).
- (d) Sri Lankan Cargo Ship Safety Radio Telegraphy Certificate issued under provisions of SOLAS 1974.
- (e) Sri Lanka Passenger Ship Certificate required for passenger ships only and issued under provisions of SOLAS 1974.
- (f) Making and Carving not. A sworn notarized statement by Applicant, Authorized Agent or Master to the effect that the markings required under Section 38 of the Sri Lanka Merchant Shipping Act, No. 52 of 1971 have been complied with.
- (g) Certificate of Good Standing of the Company. Such certificate described above should be submitted on an annual basis not later than 30th of January each year.
- (h) Names of Shareholders of the owning Company and number of share held by each.
- (i) Crew List. A list indicating the Names, Nationalities, Certificates of the Master, Officers and the Crew.
- (j) Name of company with which contract has been signed in respect of radio equipment.
- (k) An undertaking to inform the Registrar of ships of any change in the particulars mentioned in the application.
- (l) Firm assurance should be given to engage not less than 50% of the Ships' Crew from the Shipping Office Sri Lanka. The engagement of Sri Lanka Crew should be carried out within 3 months from the date of issue of Permanent Certificate through the Shipping Office in Colombo.

ESTABLISHMENT OF A SRI LANKAN COMPANY

(Some Relevant Questions and Answers)

Qualification for Ship Owners of Sri Lankan Vessel:

- (1) Q. “Ship should be owned by any body Corporate as may be determined by the Minister.’ What determination Minister may make or has made?
- A. For the purpose of Registration of vessels the Minister has determined that a Company incorporated in Sri Lanka shall qualify for ownership of vessel.
- (2) Q. How do you acquire a Company in Sri Lanka?
- A. (i) Any shipowner may request a Lawyer/ Legal firm in Sri Lanka to incorporate a Limited Liability Company. A name for the Company may be chosen by the shipowner from the list of approved names available with such Lawyer/ Legal firm.
- OR
- (ii) He may request the Lawyers/firm to incorporate a Company in name specially chosen by the shipowner.
The incorporation and transfer of shares could be completed within 48 hours of such request being received under (2) (i)
- (3) Q. How does the ship owner claim tax exemption if they incorporate Sri Lanka Companies?
- A. (i) The Companies Act, No. 17 of 1982 provides for the setting up of off-shore Companies in Sri Lanka. Any Company incorporated in Sri Lanka may apply to the Registrar of Companies to be registered as an off- shore Company under Sec. 241 of that Law.

(Relevant Provisions at page 13)

- (ii) On acceptance of such Company as an off-shore Company by the Registrar of Companies they are exempted from all taxes in respect of all incomes derived outside the shores of Sri Lanka.

Section 08 of the Inland Revenue Act. No. 27 of 1982.

- (4) What kind of Capital does a Company of this nature have?
It is sufficient to have an “authorized” capital in respect of these Companies.
- (5) Q. What type of Director/Officer should such Company have?
- A. The Company may have any number of directors within the requisites of the law who shall be notified to the Registrar of Companies. The company should have a

principal place of business, a registered address and a registered agent/ representative in Sri Lanka.

(Sec. 241 – 1- 2 (A), (b), (c), (d), (e)) of Law No. 17/1982

- (6) Q. Are there any annual taxes/ fees/ charges levied to maintain the Company?
- A. While all off-shore Companies engaged in world wide operation are exempted from income tax/ wealth tax, business turnover tax etc., any vessel owned by such Company who carries cargo to and from Sri Lanka will be liable to tax in respect of that consignment of cargo. The Company is required to remit a certain amount of many annually for the maintenance of the Company. (The schedule of fees applicable to such Companies are annexed page 8). The annual remittance may include the fees payable to the lawyers/ representatives and any statutory fees payable in respect of the Company.
7. Q. Are the mortgage procedures applicable in Sri Lanka acceptable to the financing organizations?

YES.

Merchant Shipping Act, No. 52 of 1971 provides the procedure of a registration of a mortgage, which is similar to the British Law and is acceptable to the International Banking community.

COMPANIES ACT, OF SRI LANKA NO. 17 OF 1982 (PART VIII)

PROVISIONS RELATING TO OFF-SHORE COMPANIES

Company
Incorporated
For business
Outside
Sri Lanka.

241. (1) Subject to the provisions hereinafter contained any company may make an application to the Registrar to be registered in Sri Lanka as an off-shore company and to be so referred to and in the case of a company Incorporated Abroad deemed to be continued in Sri Lanka as if it had Been incorporated under the provisions of this Act.,

(2) An application for registration made by the company under the provisions of subsection (1) shall have annexed thereto the following documents for registration.

- (a) A certified copy of the charter, statutes or memorandum and articles of association of the company, or other instrument constituting or defining the constitution of the company, and , where such instrument is not in the official language of Sri Lanka. In such language as may be specified by Registrar;
- (b) A list of the directors or those managing the affairs of the company, containing their full names, addresses, occupations and offices they hold in the company.
- (c) The names and addresses of the persons resident in, and being a citizen of Sri Lanka, authorized to represent the company;
- (d) A statement containing the full address of –
 - (i) The registered or principal office of the company in the country of incorporation; and
 - (ii) The principal place of business of the company in Sri Lanka;
- (e) A certified copy, certified of recent date of the incorporation of the company.

The company shall also notify the Registrar of any amendments or alterations in respect of any of the aforesaid particulars within the prescribed time and in the prescribed form.

Grant of
Certificate of
Registration to
Off-shore
Company

242. (1) Subject to the provisions of subsection (2), the Registrar may, having regard to the national interest, or in the interest of the national economy, issue a certificate of registration to an off-shore company for the carrying on of its business outside the shores of Sri Lanka where such off-shore company:
- (a) Makes payment of the prescribed fee; and
 - (b) Produces to the Registrar, a Certificate from a bank that the prescribed sum to defray the expenses of the off-shore company for the purposes of its office in Sri Lanka has been deposited to the credit of a bank account in such bank in the name of such off-shore company.

Such certificate of registration issued to the off-shore company shall exempt such company from complying with any other provisions of this Act;

Provided that no such certificate of registration shall be granted where –

- (a) the winding up of such company has commenced;
 - (b) a receiver of the property of such company has been appointed;
 - (c) there is any scheme or order in relation thereto by which the rights of creditors are suspended or restricted.
- (2) Before the Registrar issues the certificate of registration to the off-shore company under the provisions of this section he shall satisfy himself that –
- (a) in the case of a company incorporated abroad that there is no legal impediment in the country of incorporation to such company engaging in the business of an off-shore company:

(b) the issue of such certificate does not render defective any legal or other proceedings instituted or to be instituted by or against the company:

(3) The Registrar may for good cause cancel the registration and upon such cancellation such off-shore company shall cease to enjoy the privileges and benefits granted under this part or under any other written law.

Continuation of Business of Off-shore Company.

243. An off-shore company shall if it intends to continue its business as an off-shore company under the provisions of this Act,

(a) Produce to the Registrar proof of payment of the prescribed fee in the prescribed manner at the commencement of each calendar year and not later than the thirty-first day of January of that year: and

(b) Produce to the Registrar not later than the thirty-first day of January of each calendar year or before the expiry of such extended time as may be granted by the Registrar in his discretion, a bank certificate as required under section 242(1) (b) in regard to defraying of the expenses of the off-shore company for that year.

Prohibition of Business in Sri Lanka but Saving benefits.

244. (1) An off-shore company shall not be entitled to carry on any business in Sri Lanka, its powers being restricted to only the carrying on of any Business outside the shores of Sri Lanka.

(2) Nothing in subsection (1) shall however preclude the off-shore company securing in Sri Lanka any benefits or advantages available under any other written law as may be made applicable to it.

Cessation of Business by Off-shore Company

245. An off-shore company may cease carrying on business as an off-shore company by giving to the Registrar notice of cessation in the prescribed form.

Interpretation Of this Part

246. In this Part “a company” means a company or body corporate incorporated under the laws of any country including Sri Lanka.

Issuance of Shares

Following documents to be forwarded to the Controller of Exchange, Central Bank of Sri Lanka, for the issuance of shares to non-resident share holders of the off-shore company.

- (1) Register's Certificate to an off-shore company.
- (2) Memorandum and Articles of Association confirming that the Company is registered for the purpose of registering vessels under the Flag of Opportunity Scheme.
- (3) Certificate of Incorporation.
- (4) The approval of the Director of Merchant shipping granted to the Company for registering vessels under the Flag of Opportunity Scheme.
- (5) Documentary evidence (original Bank receipt etc.,) regarding inward remittance received for the purchase of shares etc.,

**SCHEDULE OF FEES FOR REGISTRATION OF SHIPS UNDER
SECTION 30(C) OF THE MERCHANT SHIPPING ACT, 52 OF 1971**

1) Registration	US\$ 1 per NT Minimum fee US\$ 1,000 Maximum fee US\$ 10,000
2) Annual tonnage fee	a) Up to 10,000 NT US\$0.25 Per NT (minimum US\$250) (b) 10,001-50,000 NT US\$ 2,500 plus US\$ 0.20 Per each Ton excess of 10,000NT (c) 50,001-NT and above US\$ 10,500plus US\$ 0.15 per each Ton in excess of 50,000 NT
3) Provisional certificate (Valid for 6 Months)	US\$ 300
4) Full Term Certificate (valid for 4years)	US\$ 500
5) Marine Inspection	US\$ 500
6) Annual inspection (Tanker)	US\$ 750 up to 15,000 NT US\$ 1,800 Vessels over 15,000NT
7) Annual Inspection (Cargo vessels)	US\$ 750 up to 10,000NT US\$ 1,500 Vessels over 10,000NT
8) Casualty tax	US\$ 0.05 per NT
9) High-risk vessels (Tanker,etc)	US\$ 750 up to 15,000NT US\$ 1,000 over 15,000NT
10) Marine investigation and international participation	US\$ 700+01Cent per NT
11) Change of name fees (not required where vessel is being transferred from foreign flag and is initially to be given a new name):	
Less than 99 ton gross	US\$ 20
100-499	US\$ 40
500-999	US\$ 60
1,000-4,999	US\$ 80
5,000-and over	US\$ 100
(12) a) Vessels documentation:	

<p>1) Issue of Certificate of Registry Full or Provisional</p> <p>2) Reissuance- Full or Provisional</p> <p>3) For each permitted endorsement of a Certificate of Registry and other Statutory Certificates.</p> <p>4) For 3 months extension of Provisional Certificate of Registry</p> <p>5) For documents in connection with Re-registration (does not include issuance of full and Provisional Certificate of Registry)</p> <p>6) For issuance of Certificate of permission to sell or re-registration.</p> <p>7) For issuance of a Certificate of permission for transfer of a vessel and subsequently a Certificate of Cancellation.</p> <p>8) Issuance of ships Synopsis Record</p> <p>b) Recording:</p> <p>1) Registration proceedings</p> <p>2) Registry record</p> <p>3) Recording bill of sale</p> <p>4) Recording of a mortgage that involves the addition of new security</p> <p>5) Recording of a mortgage assignment, assumption, amendment or Supplement, etc.</p> <p>6) Recording of a mortgage satisfaction or release</p> <p>7) Any otherwise unspecified recording or filing</p> <p>c) Radio License: Radio License (Full) & Provisional Radio License</p> <p>d) In addition to the fees and charges indicated above, the Registrar of ships will cover the actual expenses incurred in respect of the following:</p> <p>(1) Handling of documentation</p> <p>(2) For registration requiring the presence of a Consular Officer, Marine Surveyor or an authorized representative of the Registrar of ships outside the normal hours of business or away from his office</p> <p>(3) Fees for issuing statutory Certificates such as Sri Lanka safety Certificates, Load Line Certificates, etc</p>	<p>See schedules 3 and 4</p> <p>US\$ 250</p> <p>US\$ 50</p> <p>US\$ 350</p> <p>US\$ 750</p> <p>US\$ 50</p> <p>US\$ 200</p> <p>US\$1500</p> <p>US\$ 50</p> <p>US\$ 30</p> <p>US\$ 50</p> <p>US\$ 400</p> <p>US\$ 125</p> <p>US\$ 100</p> <p>US\$ 100</p> <p>As per Sri Lanka Telecom Tariff</p> <p>US\$ 350 (per day or portion thereto)</p> <p>At cost</p>
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<p>to be collected by the Classification Society of Surveyors and remitted to the Registrar of Ships</p>	<p>At cost</p>
<p>(4) Service charges – Other expenses such as secretarial, cable, telephone or copying charges incurred for the convenience of applicant at applicant’s request</p>	<p>At cost</p>
<p>13) Fees for registration of yachts/Pleasure crafts</p> <p>(1) Initial Registration</p> <p>(2) Annual tonnage fees</p> <p>(3) Radio License</p>	<p>US cents 30 per GT (minimum fee US\$500)</p> <p>US cents 60 per GT (minimum fee US\$200)</p> <p>As per Sri Lanka Telecom tariff</p>

PARALLEL REGISTRATION

Bare-boat chartering, within its cognate expressions, with references to a ship, means the chartering by virtue of which the charterer, for an agreed period of time, acquires full control, management, Operation and possession of the ship, with the right to appoint and dismiss, the master and the crew of the ship, and to hold himself responsible towards third parties as if he were the shipowner, but without the right to sell or mortgage the ship.

Foreign register means the register kept in a foreign country for the purpose of registering every description of its ships or vessels used in navigation.

Parallel registration means the registration in the parallel registration section of the Register Book for a certain period of time of a ship which continues to be registered in a foreign register.

REQUIREMENTS FOR PARALLEL REGISTRATION

- (a) A letter of confirmation by the appropriate maritime authorities in the country in which such a ship is registered, that the law of country permits parallel registration of ships and that the registration of that ship in that country has been temporarily suspended;
- (b) A letter of confirmation issued by such authorities as to the ownership of, and mortgages or other encumbrances on, that ship;
- (c) The written consent of the registered mortgagees of that ship to the parallel registration;
- (d) The written consent of the owner of the ship to the parallel registration;
- (e) A copy of the charter party under which ship has been bare-boat chartered to the applicant;

Every application shall be accompanied by the prescribed fee. Fees shall be paid in advance in respect of the whole period for which parallel registration is applied for. Where the parallel registration is cancelled on a date earlier than the date of the period in respect of which such fees have been paid, no part of the fee paid in advance shall be refunded.