

Why form a Delaware corporation for boat ownership purposes?

1. LIABILITY:

Any corporation will offer an individual the benefit of limited liability. In effect, the individual's liability is limited to that of a stockholder in the corporation. Additionally, Delaware law permits directors to avoid personal liability to the corporation for negligent acts if this protection is provided for in the corporation's Certificate of Incorporation. International Ship Registry's model Certificate of Incorporation contains such a provision.

2. FLEXIBILITY:

In many cases, a group of people may decide to purchase a vessel. Title may be taken in the name of a corporation due to the ease of designating ownership through stock ownership in the corporation. Additionally, the corporations set up by International Ship Registry under the General Corporation Law of the State of Delaware are not restricted to use solely for boat ownership purposes. Our corporations are constructed to have full and complete corporate power to engage in any activity permitted under law. They are general purpose corporations.

3. CORPORATE FEES:

Initial fees to form the corporation and annual fees to maintain the corporation compare favorably with most states.

4. BOOKS AND RECORDS:

Corporate books and records may be kept outside of Delaware. Additionally, one person may be the incorporator, sole director, and may be the sole stockholder of the corporation, or these capacities may be spread among as many persons as desired.

5. TAX SHELTERS:

Delaware is recognized as having a favorable tax climate. Delaware has no sales tax, personal property tax, intangible property tax or stock transfer tax. Additionally, no Delaware corporate income tax is assessed for income derived outside of the State of Delaware.

It is important to note that sales tax shelters are situational. Many states have "user taxes" and the like. One should consult with a legal or tax advisor to determine if a tax on a yacht will be due in the State in question.

Many of our corporate boat owners recognize that a sales/use tax will be due in the state they are actually keeping or using the vessel. They also understand, that under ordinary circumstances, when they opt to sell the vessel, the new owner will have to pay a sales tax on the purchase of the vessel. With this in mind from the outset, they choose to put the vessel into a Delaware corporation, and pay the tax in the corporate name (deriving other benefits incorporation has to offer such as limited liability). When the vessel is subsequently put up for sale, the owner has the flexibility of selling the vessel as an

asset of the corporation or selling the entire corporation of which the vessel is an asset. The latter circumstance is accomplished by simply transferring the shares of stock in the corporation over to the new owners. This arrangement can be very attractive to the prospective purchaser because title to the vessel has not changed hands - it is still registered to the corporation. *Therefore, no sales tax may be assessable on the transfer, and, no re-registration costs are incurred.*

INCORPORATIONS:

INITIAL FEES:

Incorporation Fee - \$450.00

Complete Corporate Kit - \$100.00 (includes minutes, bylaws, stock certificates, corporate seal, and transfer ledger)

NOTE: If corporate kit is to be shipped overseas, there is an additional **\$50.00** shipping/handling fee (Air Mail).

SHELF CORPORATIONS: \$550.00

International Ship Registry usually has several Shelf Corporations available for purchase - please contact our office for details if interested.

ANNUAL FEES:

Annual Registered Agent Fee - \$145.00

Annual State of Delaware Franchise Tax - \$100.00

LIMITED LIABILITY COMPANIES (LLC's):

INITIAL FEES:

Formation Fee - \$450.00

Complete Company Kit - \$100.00 (includes LLC agreement, certificates of interest and company seal).

NOTE: If company kit is to be shipped overseas, there is an additional **\$50.00** shipping/handling fee (Air Mail).

ANNUAL FEES:

Annual Registered Agent Fee - \$145.00 (billed at the end of each calendar year)

Annual State of Delaware LLC Tax - \$300.00 (due by June 1st of each year)

ADDITIONAL SERVICES:

1. Certificate of Good Standing - **\$100.00**
 2. Certified Copy of Certificate of Incorporation - **\$125.00**
 3. Certified Copy of Certificate of Incorporation with Apostille - **\$185.00**
 4. Courier service available for shipping of documents and corporate kits.
 5. Mail Forwarding.
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ADDITIONAL SERVICES FOR BOATS:

1. State of Delaware Boat Registration - our fee - **\$100.00**
State fee - depends on vessel's length:

CLASS A - less than 16':	1 year - \$50.00
CLASS 1 - 16' or over and less than 26':	1 year - \$60.00
CLASS 2 - 26' or over and less than 40':	1 year - \$90.00
CLASS 3 - 40' or over and less than 65':	1 year - \$100.00
CLASS 4 - 65' or over and not required to be documented:	1 year - \$150.00

2. Federal Documentation - **\$550.00**
3. First Preferred Ship's Mortgage - **\$300.00**

All fees are in U.S. dollars and subject to change without notice.