

NEW FLEET REGISTRATION AND TAX DISCOUNTS

With the purpose of encouraging shipowners to register or transfer their vessels to Panama Flag, the Government of Panama enacted a new Merchant Marine law on June 2008. The incentives provided by this legislation include discounts on newly built vessels, loyalty to registry vessels, no PSC detention vessels, same economic group vessels, MODUS, and keel laid up vessels.

These discounts are set forth as follows:

- **Newly built vessels**

Gross Tonnage	Discount on registration fees, annual tax and annual consular rate for the (1) year	Discount on annual tax and annual consular rate for the (2) year	Discount on annual and consular tax payable for the (3) year
Less than 30,000 GRT	30%	20%	10%
From 30,000 GRT or more up to 100,000 GRT	40%	25%	15%
100,000 GRT or more	50%	35%	20%

- **Loyalty to registry vessels**

Amount of Vessels	Discount on registration fees, annual tax and annual consular rate for the registration year
5 to 15 vessels	20%
16 to 50 vessels	35%
More than 50 vessels	60%

- **No PSC detention vessels**

Gross Tonnage, Type or Year of Built	Discount on registration fees, annual tax and annual consular rate for the following year
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- **Economic Group discount (Fleet discount) for 3 or more vessels**

Gross Tonnage	Discount on registration fees, annual tax and annual consular rate for registration year
Less than 30,000 GRT	25%
From 30,000 GRT or more up to 100,000 GRT	40%
100,000 GRT or more	60%

- **MODUS (Mobile offshore Drilling Units) discount**

MODUS previously registered under Panama Flag will pay a competitive registration fee of US\$2,500 and will be exempted of any tax fee for the following two (2) years with the sole exception of the annual inspection fee.

- **Keel laid up vessels within 5 years**

Gross Tonnage	Discount on registration fees, annual tax and annual consular rate for the (1) year	Discount on annual tax and annual consular rate for the (2) year	Discount on annual and consular tax payable for the (3) year
Less than 30,000 GRT	20%	10%	5%
30,000 GRT or more up to 100,000 GRT	30%	15%	10%
100,000 GRT or more	40%	25%	15%