

AMENDING MEMORANDUM CIRCULAR NO. 42 ON THE GUIDELINES GOVERNING APPLICATIONS FOR BAREBOAT CHARTERING/REGISTRATION OF VESSELS UNDER PDs 760/866/1711

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In order to further encourage investments in the acquisition of vessels for overseas operations through importation or local purchase, thereby stimulating the development and growth of bona fide shipowning, Memorandum Circular No. 42 is hereby amended to wit:

A

Measures to Encourage Shipowning/Lease Irrevocable Purchase (LIP) Arrangement

1. Shipowning Companies

- a. A MARINA-accredited shipping company shall be allowed to bareboat charter additional seven (7) vessels on top of its existing chartered ships for every owned vessel; and
- b. A shipowning company shall have the option to allocate its quota of chartered vessels to qualified subsidiary companies.

2. Companies with LIP Contracts

- a. Any existing accredited overseas shipping company without any owned tonnage may be allowed to initially engage in the acquisition of a vessel for overseas operation through a Lease Irrevocable Purchase Scheme provided:
 - i. The company's paid-up capital shall be at least P7.0 Million;
 - ii. The vessel to be acquired shall not be less than 2,500 DWT; and
 - iii. The company or any of its affiliate companies shall not exercise the right to bareboat charter seven (7) additional vessels until full payment of the purchase price of the vessel shall have been effected and/or the vessel shall have been permanently registered under Philippine flag.

3. Penalties/Sanctions

- a. In the event the lease irrevocable purchase scheme or acquisition is revoked for any reason, thereby reverting the same to pure bareboat charter, the following shall be imposed:
 - i. The company shall pay to the Bureau of Internal Revenue the 4.5% withholding tax of the vessel's bareboat charter hire reckoned from the vessel's date of delivery to the bareboat charterers up to the date of re-delivery to the registered owners or up to the deletion of the vessel from the Philippine registry, whichever is later. Proof of such remittances shall be submitted to the MARINA within sixty (60) days from revocation of the LIP; and
 - ii. Should the LIP contract be revoked, the amount of P200,000.00 shall be imposed as penalty.

B

Replacement of Deleted Vessels

Any existing bareboat chartering company duly accredited by MARINA and without any owned tonnage may bareboat charter a vessel as a replacement of a previously bareboat chartered vessel already deleted provided the vessel to be replaced was deleted after December 31, 1985; and provided, further, that the replacement of the vessel shall require the necessary incremental increase in paid-up capitalization stipulated under MC No. 42.

C

Pre-Approval Documentary Requirements

The applicant company under this Memorandum Circular shall submit the following pre-approval documentary requirements:

1. Those stipulated under MC No. 42 and the Rules and Regulations Implementing PDs 760/866/1711;
2. Other documents which the MARINA Administrator may deem necessary/relevant.

D

Exception Clause

The Board upon recommendation of the MARINA Management may approve applications which are considered highly meritorious and/or for the interest of the public notwithstanding the foregoing provisions.

E

Saving Clause

All provisions of Memorandum Circular Nos. 33-A, 38, and 42 and of the Rules and Regulations Implementing PDs 760/886/1711 which are not contrary to or inconsistent with this Memorandum Circular shall remain in full force and effect.

F

Effectivity Clause

This Memorandum Circular shall take effect fifteen (15) days after its publication once in a newspaper of general circulation.

Adopted: 26 March 1990

(SGD.) PHILIP S. TUAZON
Administrator

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