



SHIPPING

# BESPOKE TAX ADVICE THAT TRULY ADDS VALUE

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In these unpredictable times, and as the shipping industry experiences unprecedented challenges, it has never been so important to rely on experts who understand the sector. And that's where BDO can help.

Through a comprehensive knowledge and appreciation of the shipping industry, coupled with developing understanding and empathy with our clients, the tax team at BDO are able to provide sector-specific tax advice that truly adds value.

We offer a range of tax advice and solutions to every type of shipping business, leveraging our expertise and experience of working with the world's leading shipping and maritime organisations. And with BDO member firms in all of the principal shipping locations throughout the globe, we are able to provide a truly international service whilst retaining a personal approach.

## BDO AND THE SHIPPING INDUSTRY

The BDO Shipping team brings with it over 80 years' experience in the shipping industry. The team has a reputation as the world's leading shipping accountant and adviser.

BDO Shipping has an unparalleled depth of knowledge and breadth of worldwide experience. The net book value of vessels acted for in London exceeds US\$10 billion.

We provide a range of sector-specific services to the shipping industry, including audit, outsourcing, corporate finance, litigation support, IT assurance, governance and risk advice and business planning. Our shipping clients range from single vessel owners to large multinational shipping groups. We also advise other large multinational groups on issues specific to shipping, such as the tonnage tax regime.

### Clients include:

- |                                |                          |
|--------------------------------|--------------------------|
| ▶ Affinity Shipping            | ▶ Lomar                  |
| ▶ Anglo International Shipping | ▶ M2M                    |
| ▶ Ardmore Shipping             | ▶ Navig8                 |
| ▶ AW Ship Management           | ▶ Navigator Gas          |
| ▶ Borealis Maritime            | ▶ North Atlantic Fishing |
| ▶ Foreland Shipping            | ▶ Seajacks               |
| ▶ Galbraith's                  | ▶ Seatruck Ferries       |
| ▶ Giles W Pritchard-Gordon     | ▶ Tankers International  |
| ▶ Hadley Shipping              | ▶ Union Maritime.        |

Our position in the industry is demonstrated by a number of shipping-specific initiatives undertaken by partners and staff of BDO, including:

- ▶ OpCost, a unique benchmarking tool for all major vessels' operating costs
- ▶ Shipping Confidence Report, a regular report examining the views of key players in the global shipping market
- ▶ Bottom Line, our regular shipping and maritime online magazine
- ▶ Supporting a number of initiatives for young people, including lecturing at the Cass Business School on the MSc course on shipping, trade and finance.

“ We have extensive knowledge and experience in dealing with tax-related issues which are specific to the shipping industry, and we leverage this knowledge to provide clients with valuable advice. ”





## TAX SERVICES

Shipping is the most international of businesses, therefore advising on the planning and control of multi-jurisdictional tax matters is a key element of our tax offerings. We have extensive knowledge and experience in dealing with tax-related issues which are specific to the shipping industry, and we leverage this knowledge to provide clients with valuable advice. By working closely with you, our commercial approach ensures that your tax issues are fully addressed. As well as tax compliance services, we provide support on:

### TONNAGE TAX

The UK tonnage tax regime provides an alternative way of calculating taxable profits of qualifying companies in respect of qualifying activities. Entry to the regime usually results in the entity obtaining a corporate tax saving.

We have an unparalleled level of knowledge and experience of the UK tonnage tax regime and have advised and assisted clients on all aspects of the UK tonnage tax regime, including:

- ▶ Qualifying for the regime
- ▶ The pre-clearance process
- ▶ Making of an election/renewal election
- ▶ The implications arising from potential restructuring, mergers or acquisitions
- ▶ Compliance with the training requirements of the regime, including the tonnage tax training forms
- ▶ Capital gains.

### INTERNATIONAL STRUCTURES

We have extensive experience in advising on international structures suitable for shipping groups, taking into account the location of the proposed operations, shareholders and vessels, including consideration of issues such as shipping friendly regimes, withholding tax, transfer pricing issues and treaty relief.

### TRANSACTIONS

We have widespread experience in advising on transactions in the shipping sector, including buying or selling shipping companies, buying and selling ships, and flotations. This work includes tax due diligence work, advice on the terms of sale and purchase agreements, advice on balancing charges arising from the disposal of ships and their deferral and other capital allowances advice.

### TRANSFER PRICING

Entities are required to 'self assess' their transfer prices for certain transactions. The onus is therefore on the entity to ensure that relevant transactions are undertaken at arm's length. We can help you with the process, including preparing the appropriate documentation.

## US FREIGHT TAX

Foreign shipowners and operators are liable to tax at 4% on 50% of their gross US transportation income (an effective tax rate of 2%) relating to international voyages where the ship calls in a US port. Commonly known as 'US freight tax', the tax is due unless an exemption is obtained either under a relevant double tax agreement or under US domestic rules. BDO is experienced at advising on this area.

## PERSONAL TAX SERVICES

In addition to corporate tax services, BDO has considerable expertise in advising individuals on their tax status. Services include non-UK resident and non domiciled advice, trust and estate planning, wealth management services, PAYE and NIC advice.

“A common issue for shipping companies is withholding tax on interest payments made to overseas banks. BDO is experienced in identifying any issues and dealing with applications for treaty relief from withholding tax.”

FOR MORE INFORMATION:

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