

# **APEX LAW GROUP LTD.**

Barristers, Attorneys & Notaries Public



## **BERMUDA AIRCRAFT REGISTRATIONS**

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## BERMUDA AIRCRAFT REGISTRATIONS

This Booklet is prepared for potential clients seeking to incorporate a Bermuda company to acquire, own, lease, register, finance or mortgage an Aircraft in Bermuda. The Bermuda Department of Civil Aviation maintains an excellent Register of Aircraft and works closely with professional firms to provide timely registrations.

It is permissible for a Bermuda Company to be formed solely for the purpose of owning and operating an aircraft on the Bermuda Register and any income or profits from such operations would be free of any Bermuda direct taxation (whether on income or capital appreciation) and free of exchange controls in Bermuda.

If a Bermuda exempted company is formed for this purpose the ultimate ownership and control of the aircraft to be registered must be disclosed to the Director of Civil Aviation. Such disclosure is treated in the strictest confidence and does not form part of the public record regarding the registration.

### **Company Formations**

For those clients wishing to establish Bermuda exempted companies that will purchase, hold or lease an aircraft can do so by submitting details on the ultimate beneficial owners of the Bermuda Company and completing a *Personal Declaration Form* included herein (disclosing certain background information on the owners – such as names, addresses, nationalities, occupations) which is submitted to the Bermuda Monetary Authority. The Bermuda Monetary Authority is a Government Agency in Bermuda that is responsible for the review of all company formations in Bermuda.

The incorporation process is uncomplicated and takes approximately two (2) business days from the date the application is submitted to the Bermuda Monetary Authority. Once the company is incorporated, it can enter into contracts and conduct its business from Bermuda.

The costs related to the formation of a Bermuda holding company that owns or leases an aircraft is competitive with similar jurisdictions (details on costs are included in this Booklet under “*Schedule of Fees*”).

### **Bermuda Aircraft Registration Requirements**

A person holding a legal or beneficial interest by way of ownership in an aircraft or a share in it may obtain registration if he incorporates a Bermuda company to own or lease the Aircraft or has a residence in Bermuda, and the Governor is satisfied that the aircraft may properly be registered.

The Director of Civil Aviation examines each application carefully to determine its acceptability and appropriateness with regard to statute and Bermuda Government policy. Therefore, prior to proceeding with the incorporation of the company, prospective applicants should make a preliminary application setting out brief details of ownership, the aircraft itself, the maintenance and crewing arrangements, the main geographical areas of intended use and any other facts helpful in enabling a decision to be made.

An aircraft shall not be registered in Bermuda if: (a) the aircraft is registered outside of Bermuda; (b) an unqualified person holds a legal or beneficial interest by way of ownership in the aircraft or share thereof; (c) the aircraft could more suitably be registered in some other part of the Commonwealth; or (d) it would be inexpedient in the public interest for the aircraft to be registered in Bermuda.

It should be noted that by Bermuda Government policy, an application to register an aircraft is normally only accepted from a person residing in Bermuda or a body incorporated in Bermuda and having its registered office on the Island.

#### *Form of Application*

The Director of Civil Aviation examines each individual application carefully to determine its acceptability and appropriateness with regard to statute and Bermuda Government policy. Prior to proceeding with the incorporation of a company, applicants make a preliminary written application to the Director of Civil Aviation setting out the following details:

- (a) The name under which the aircraft is to be registered;
- (b) The name and nationality of the individual person enjoying ultimate ownership;
- (c) Particulars of the aircraft, including correct designation, constructor's serial number and year of manufacture;
- (d) Name of law firm in Bermuda acting in the matter;
- (e) The base and main geographic area of operation;
- (f) The proposed maintenance arrangements;
- (g) The proposed operations and crewing arrangements; and
- (h) Any additional facts which may be helpful in enabling a determination to be made.

Aircraft being accepted on the Bermuda Register will be subject to various technical directives with regard to their maintenance and operation. A physical inspection of the aircraft prior to Bermuda Registration will normally be undertaken by the Department of Civil Aviation. Upon registering an aircraft, the Director of Civil Aviation will assign a nationality and registration mark. (This mark consists of five letters commencing with the nationality mark VR-B and followed by the two letters assigned to the specific aircraft).

### ***Benefits of Registration in Bermuda***

1. Owners and operators enjoy an administration which is prepared to accept more than one international recognized set of airworthiness requirements, various flight crew licenses for validation and a “low profile” registration mark.
2. Satisfactory responsiveness of the Department of Civil Aviation in dealing with enquiries and requirements.
3. Financial benefits (including tax relief).
4. Bermuda is an Overseas Territory of the United Kingdom, and the Bermuda Department of Civil Aviation (BDCA) is subject to safety oversight surveillance by the Air Safety Support International (ASSI), a subsidiary of the Civil Aviation Authority of the United Kingdom who ensures compliance with international aviation safety standards.
5. The U.K. CAA has assessed Bermuda and judged the Bermuda Dept. of Civil Aviation as meeting ICAO standards in terms of the provision of aviation safety oversight.
6. Bermuda is a ‘Category 1’ Aviation Regulatory Authority recognized by the FAA of the U.S.A. Registration in Bermuda of aircraft that are leased to foreign countries that are not ICAO compliant is an acceptable alternative for such clients that are located in non-compliant jurisdictions.
7. The Bermuda Aircraft Register maintained by the BDCA is well respected around the world for the registration of aircraft (particularly aircraft used for private purposes);
  - the Aircraft Register has existed since 1931 and has grown significantly with the growth of Bermuda as an international business center;
  - the majority of aircraft registered in Bermuda are corporate and private jets including some of the most up-to-date business jets manufactured by a variety of companies located in the U.S.A. and Europe;
8. Bermuda has become one of the select jurisdictions for registering aircraft of the highest quality;

9. The Bermuda Department of Civil Aviation (“BDCA”) is considered to be a business sensitive regulatory body that is prepared to be responsive to customers and flexible in its approach to internationally recognized standards for licensing, operating and maintaining private aircraft without sacrificing the high standards of professionalism and respect that it has developed over the years;
10. The Bermuda Registration Marks (using the call letters “VP” or “VQ”) are seen as neutral marks as opposed to the marks of other jurisdictions which could encourage ‘unwelcomed’ attention.
11. The cost of registering an aircraft in Bermuda is competitive and the efficiency involved in registering aircraft from around the world adds value to this jurisdiction as a prime situs for registering private aircraft;
12. If aircraft are being financed or secured by international lenders, Bermuda is seen as an ideal jurisdiction for registering or mortgaging the aircraft because of Bermuda’s internationally respected Aircraft Mortgage Register and its sophisticated legal system which is largely based upon English common law and statute law of the U.K.
13. International Lenders find comfort from Bermuda’s legal system which protects secured interests and allows immediate deregistration at the end of the financing period or upon an event of default provided the lender has an irrevocable power of attorney to enable immediate deregistration.
14. Bermuda remains in the top 25 countries in the world in the Economist Digital Economy Rankings (formerly known as the E-Readiness Rankings) for maximizing the use of Information Communication Technology.

### *Airworthiness*

The Director of Civil Aviation may issue a Certificate of Airworthiness to an aircraft registered in Bermuda.

**Summary of Government & Professional Legal Costs (including Government Fees)**

(i)	Certificate of Registration (one time charge)	<b>\$400.00</b>	
(ii)	Certificate of Airworthiness (fee based on aircraft weight)	<b>\$10,000</b> <b>\$75,000</b>	<b>to</b>
(iii)	Certificate of Approval of Radio Installation	<b>\$300.00</b>	
(iv)	Noise Certificate	<b>\$300.00</b>	
(v)	Radio License (Through Department of Telecommunication) (Renewed annually)	<b>\$360.00</b>	
(vi)	Inspection of Aircraft prior to issue of Certificate Of Airworthiness		
	- \$1,200 per man day for inspection		
	- Travel days charged at \$600 per day		
	- Aircraft, accommodation incidentals		(costs depending upon location of aircraft)

12. **Summary of Legal & Corporate Administration Costs**

(i)	Incorporation Costs - plus annual gov. fees	<b>\$7,438.00</b>
(ii)	Estimate of Legal Costs – Application in Principle	<b>\$10,000.00</b>
(iii)	Estimate of Legal Costs – Registration Application	<b>\$15,000.00</b>
(iv)	Annual Corporate Administration Fee	<b>\$4,500.00</b>