

[MARINA MEMORANDUM CIRCULAR NO. 111, July 13, 1995]

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

In order to translate into practical realities the policy of encouraging investments in the acquisition of vessels for overseas operations through importation and local purchase, thereby stimulate the development and growth of bonafide shipowning. Memorandum Circular No. 42-A is hereby amended, to wit:

A. Measures to Encourage Shipowning/Lease-Irrevocable-Purchase (LIP) Arrangements

1. Shipowning Companies

- a. A MARINA-accredited overseas 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 (LIP) Scheme provided;
 - i. The company's paid-up capital shall be at least P 7.0 Million; and
 - 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 enjoy the right to bareboat charter a maximum of five (5) additional vessels provided that an equivalent of 50% payment of the total purchase price has been effected.

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