

THOR EXPANDS INTO SERVICES UNDER FAROE FLAG

MARIA OLSEN

Faroe Islands-based offshore shipping company Thor adds a third leg to its growing international business—management and fulfillment services for shipowners that register their vessels under Faroese jurisdiction.

On File

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CEO: Hans Andrias Joensen
MD Operations:
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Offshore shipping company specializing in marine seismic services. Management and fulfillment service. Owner-operator of fishing vessels.

Fleet:
13 chase/support and guard vessels. 9 fishing vessels.
4 new newbuild seismic support vessels ordered with first delivery in August 2014

Denmark subsidiary:
Thor DK



FAS—the Faroe Islands International Ship Register:

Fiscal and financial advantages plus flexible and efficient public administration.

Faroese flag is internationally recognized.

Faroe Islands is an Associate Member of the International Maritime Organization (IMO).

IMO/ILO conventions are in force in the Faroe Islands.

BY BUI TYRIL

THE FAROE Islands International Ship Register (FAS) is quietly gaining traction as an emerging registry based on international standards with a Nordic identity. According to Faroese Maritime Authority, the number of vessels registered in this flag jurisdiction is fast approaching 100 amid expectations of steady growth in the years ahead. To accommodate shipowners who consider the FAS option, Thor—a rapidly growing shipping company that specializes in providing services to the marine seismic industry as well as owning and operating a fleet of fishing vessels—has initiated a Management and Fulfillment service department in the Faroe Islands.

“We offer a range of services according to the needs and requirements of our clients,” said managing partner Gunnbjørn Joensen. “For example, we operate and man vessels on behalf of foreign shipping companies out of our head office at Hósvík in the Faroes, acting as agents and management partners for shipowners who wish to conduct business under Faroese jurisdiction.”

The first client to sign up for Thor’s Management and Fulfillment service were Svitzer Faroe Islands, part of Svitzer, the global leader in the towage, salvage and emergency response market with a fleet of more than 500 vessels. For a number of Svitzer workboats recently registered under the Faroese flag, Thor provides a solution that includes, for example, local office functions, pay roll, crew management and more.

The Faroese maritime industry goes a long way back as far as concerns commercial fisheries, as the country is surrounded

by the sea and has survived and thrived on products derived from the sea. In merchant shipping, Faroese captains, navigators and engineers remain in high demand on board international vessels, not least Norwegian and Danish ones.

FISCAL INCENTIVES: With the recent development of maritime services in Faroe for international shipowners, the islanders are making use of a natural advantage as approximately one-tenth of the Faroese workforce consists of sea officers. Since its legal framework was redesigned in 2008, the FAS has seen the number of registered merchant vessels climbing while at the same time the



position of the Faroe Islands as a reputable flag state has risen.

The FAS offers shipowners a number of financial and operational advantages, including full refund of crew wage taxes, a fiscally attractive tonnage tax system, and a highly flexible bareboat register.

According to Faroese Maritime Authority director general Hans Johannes á Brúgv, the FAS has had a 172-percent increase in the number of ships since 2008, to about 90 vessels including tankers, bulk freighters, workboats, and ferries.

“We are on the White List of the Paris MoU, and in 2012 we underwent the voluntary VIMSAS audit,” Mr. á Brúgv noted.

“All FMA and FAS departments are ISO 9001 certified. The Faroe Islands is an Associate Member of the International Maritime Organization (IMO) and all relevant IMO/ILO conventions are in force in the Faroes.”

‘COMPLETELY INTERNATIONAL’: Crews working on FAS-registered ves-

sels pay a 35-percent income tax and are given proof of payment to avoid double taxation in their home countries; meanwhile shipowners are refunded 100 percent of the crew income tax. Under the refund scheme, shipowners receive their tax refund already within days after payment of monthly wages, which makes it very cash-flow friendly.

In the FAS tonnage taxation scheme, a ship’s tax rate is 18 percent of taxable revenues, which in turn are calculated from the ship’s net tonnage as follows:

- Vessels up to 1,000 NT:
6 DKK per 100 NT per on-hire day.
- Vessels over 1,000 NT
up to 10,000 NT:
4 DKK per 100 NT per on-hire day.
- Vessels over 10,000 NT
up to 25,000 NT:
3 DKK per 100 NT per on-hire day.
- Vessels over 25,000 NT:
1 DKK per 100 NT per on-hire day.

Partial view of the Faroese capital of Tórshavn with the local shipyard in the foreground.

MD Operations Gunnbjørn Joensen, left, with CEO Hans Andrias Joensen (opposite).

Faroe Islands-registered workboat Svitzer Gaia (below).

The FAS Bareboat Register gives vessels access to the Wage Tax Refund System without the need to fly the Faroese flag. Instead, the flag state in which the ship is registered offers acceptance of transfer of the ship’s management to another country. Also, a vessel charter contract must be in place.

“The Faroe Islands has a politically stable environment,” Mr. Joensen said. “Alongside great tax incentives for shipowners, the public administration is both accessible and efficient and there are no burdensome bureaucratic procedures. And the FAS has no national protectionist measures but is completely based on international standards.” []



DOUGLAS SHIPING MEET 2013