

Water Vessel Tax Regulations of 2019

1. Definitions

As used in and for the purpose of these regulations:

- (1) "Common carrier" means a water vessel that provides transportation of cargo between any port in the Republic and a port outside of the Republic for compensation and that assumes responsibility for the transportation from the port or point of receipt to the port or point of destination;
- (2) "Cruise ship" means a passenger ship used for pleasure voyages, where the voyage itself and the ship's amenities are a part of the experience, as well as the different destinations, or ports of call, along the way;
- (3) "enters the territorial waters of the Republic" shall have the same meaning as entering the territory of the Republic, regardless of whether it enters under its own power or as cargo on another means of transportation;
- (4) "Foreign water vessel" means a water vessel not duly registered under Title 7 of the Palau National Code, or owned by a non-citizen who is legally residing in Palau if the vessel has an overall length of less than 65 feet and not registered in any sovereign state.
- (5) "Length" means the registered length or overall length of the vessel, whichever is longer, as shown on the vessel's certificate of registry or equivalent. In converting length of vessel, one meter shall be deemed equivalent to 3.281 feet;
- (6) "Liveaboard" means a commercially operated boat that provides an inclusive dive program for paying customers with lodging and meal services aboard the boat;
- (7) "Not for hire and not engaged in trade or commerce" means not lawfully licensed for hire or not licensed to engage in trade or commerce in the Republic;
- (8) "Passenger Ship" means a ship carrying twelve or more passengers on international voyages;
- (9) "Private yacht" means any sailing or motor yacht not for hire and not engaged in trade or commerce but which operates for private use, pleasure, or recreational purposes;
- (10) "Reasonable time period" shall mean a period of 30-days or as determined by the Director of Marine Transportation if there are circumstances that would endanger the vessel from going to sea;

- (11) "Republic" shall mean the Republic of Palau;
- (12) "Traditionally built private yachts" means any vessel not for hire and not engaged in trade or commerce, but which operates for private use, pleasure, or recreational purposes, and constructed in a manner and style consistent with historic or cultural practices of any Pacific Island and which is powered exclusively by wind or paddle; and
- (13) "Water vessel" means every description of watercraft owned or operated by a nonresident and used or capable of being used as a means of transportation on water or to be leased or sold in the Republic.

2. Applicability

- a) These Regulations shall apply to all foreign water vessels entering the territorial waters of the Republic, except:
 - (1) common carriers;
 - (2) vessels calling into port due to a bonafide emergency as determined by the Director of Marine Transportation or a severe weather that pose risk to the safety of the vessel, and which depart within 24 hours after such emergency or severe weather no longer poses a risk to the safety of the vessel from going to sea as determined by the Director of Marine Transportation; or
 - (3) transiting vessels calling into port for the purpose of re-supply or resting of crew, and which depart within 48 hours of arrival.
- b) Vessels granted exception under Section 2(a)(2) and (3) shall be restricted to the confines of Malakal Harbor during its stay. If such vessel proceeds beyond Malakal Harbor, it shall be subject to the Foreign Water Vessel Tax and Fee due under Section 3.

3. Levy and collection of Foreign Water Vessel Tax and Foreign Water Vessel Fee.

- c) Every private yacht or cruise ship to which these Regulations apply that enters the territorial waters of the Republic shall pay a Foreign Water Vessel Tax as per the Tax Schedule in Annex 1;
- d) Every foreign water vessel to which these Regulations apply, except private yachts and cruise ships, that enters the territorial waters of the Republic shall pay a Foreign Water Vessel Fee of \$100.00 for every 30 days it is within the territorial waters of the Republic.
- e) The Foreign Water Vessel Tax and Foreign Water Vessel Fee shall be paid to the Bureau of Customs and Border Protection.

4. Granting of Extension of stay or departure clearance.

- a) The Bureau of Immigration and Labor shall not grant an extension of stay to any private yacht, cruise ship, or foreign water vessel unless the person having charge of the said private yacht, cruise ship, or vessel, or its agent, provides an original proof of payment of the Foreign Water Vessel Tax or Foreign Water Vessel Fee.

- b) The Bureau of Marine Transportation shall not grant departure clearance to any foreign water vessel unless the person having charge of the said water vessel, or its agent, provides original proof of payment of the Foreign Water Vessel Tax or Foreign Water Vessel Fee.

5. Limitation of Stay

- a) Notwithstanding Section 1405(c) of Title 40 of the Palau National Code, private yachts, cruise ships, and foreign water vessels:
 - (1) duly registered in the United States of America or any of its states or territories, or any of the other Freely Associated States, may stay in the territorial waters of the Republic for up to 12 months, provided that the foreign water vessel tax or foreign water vessel fee due under Section 3 of these Regulations is duly paid;
 - (2) owned by a person who has a licensed business in the Republic or is legally residing in Palau may stay in the territorial waters of the Republic during the period in which such person is engaged in business or legally residing; and
 - (3) under a Bareboat Charter to a person who has a licensed business in the Republic may stay in the territorial waters of the Republic until 30 days after the Bareboat Charter Agreement has expired.

- b) Private Yachts and Cruise Ships referred to in Section 5(a)(2) and (3) shall be exempt from the foreign water vessel tax due under Section 3 of these Regulations.

6. Penalty

The owner of any foreign water vessel that fails to depart the territorial waters of the Republic in violation of these Regulations shall be subject to a fine of up to \$50,000, and the vessel shall be subject to seizure and forfeiture to the Republic as provided in Chapter 3 of Title 7 of the Palau National Code.

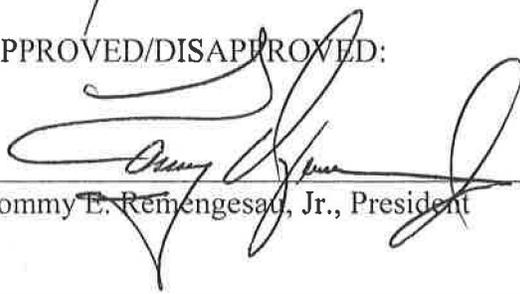
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Annex 1

Schedule of Foreign Water Vessel Tax

1. Foreign Water Vessel Tax to be paid by private yacht or cruise ship before June 11, 2020.

Registered Length of Vessel	Initial 30 days	1st Renewal	2 nd Renewal	Subsequent renewal for vessels exempted under Section 1405(a)
Private yacht measuring less than 40 feet	\$125	\$500.00	\$1,000.00	\$125
Private yacht measuring 40 feet or more, but less than 90 feet	\$250	\$500.00	\$1,000.00	\$250
Private yacht measuring 90 feet or more, but less than 150 feet	\$375	\$250.00	\$125.00	\$375
Private yacht or cruise ship measuring 150 feet or more	\$500	\$250.00	\$125.00	\$500

2. Foreign Water Vessel Tax to be paid by private yacht or cruise ship between June 11, 2020, and June 10, 2021.

Registered Length of Vessel	Initial 30 days	1st Renewal	2 nd Renewal	Subsequent renewal for vessels exempted under Section 1405(a)
Private yacht measuring less than 40 feet	\$187.50	\$750	\$1500	\$187.50
Private yacht measuring 40 feet or more, but less than 90 feet	\$375	\$750	\$1500	\$375
Private yacht measuring 90 feet or more, but less than 150 feet	\$562.50	\$375	\$187.50	\$562.50
Private yacht or cruise ship measuring 150 feet or more	\$750	\$375	\$187.50	\$750

3. Foreign Water Vessel Tax to be paid by private yacht or cruise ship on or after June 11, 2021



Registered Length of Vessel	Initial 30 days	1st Renewal	2 nd Renewal	Subsequent renewal for vessels exempted under Section 1405(a)
Private yacht measuring less than 40 feet	\$250.00	\$1,000.00	\$2,000.00	\$250.00
Private yacht measuring 40 feet or more, but less than 90 feet	\$500.00	\$1,000.00	\$2,000.00	\$500.00
Private yacht measuring 90 feet or more, but less than 150 feet	\$750.00	\$500.00	\$250.00	\$750.00
Private yacht or cruise ship measuring 150 feet or more	\$1,000.00	\$500.00	\$250.00	\$1,000.00

