

Comparison Chart of Maritime Policies

	Japan	Korea	China	Denmark	Norway	Sweden
Manning requirements of registered vessels (principles)	<ul style="list-style-type: none"> All crew must be Japanese. 	<ul style="list-style-type: none"> All crew must be Korean. However, for ratings, a maximum of 6 foreigners are accepted. 	<ul style="list-style-type: none"> All crew must be Chinese. Foreign crew members are accepted upon approval of the Ministry of Transport. (No actual cases) 	<ul style="list-style-type: none"> No nationality requirements. Officers must hold Danish Certificates. 	<ul style="list-style-type: none"> No nationality requirements except for a captain. A captain must have EU/EEA nationality or Norwegian work permit. 	<ul style="list-style-type: none"> No nationality requirements except for a captain. A captain must have EU/EEA nationality.
Second Ship Register System (International Ship Register System etc.)	<p>International Ship Register System</p> <p>1. Requirements for registration</p> <p>(1) Eligible Owner</p> <ul style="list-style-type: none"> Any person who has Japanese nationality Any juridical person or body established in accordance with the Acts of Japan <p>(2) Type of vessels eligible for registration</p> <ul style="list-style-type: none"> Vessels of 2,000 gross tons or over Vessels which navigate in the Ocean Going Area or the Greater Coasting Area 	<p>International Ship Register System</p> <p>1. Requirements for registration</p> <p>(1) Eligible Owner</p> <ul style="list-style-type: none"> Any person who has Korean nationality Any corporation established in accordance with the Acts of Korea Any juridical person, of which main office is located in Korea and the representatives are nationals of Korea <p>(2) Type of vessels eligible for registration</p> <ul style="list-style-type: none"> Vessels owned by any eligible owner (However, foreign ships chartered by international transport enterprises on condition that those ships shall obtain Korean nationality after expiration of a certain contract period, so called “BBC/HP ships”, can be registered) Vessels of 500 gross tons or over Vessels of 20 years of age or under <p>Jeju Special Shipping Registration</p> <p>1. Requirements for registration</p> <p>(1) Eligible Owner</p> <ul style="list-style-type: none"> Identical with the Eligible Owner in 1.(1) of International Ship Register System <p>(2) Type of vessels eligible for registration</p> <ul style="list-style-type: none"> Vessels registered on the International Ship Registry, of which the port of registry is in the Jeju Self-Governing Province (However, for BBC/HP ships, ships registered on the International Ship Registry, of which the future planned port of registry is in the Jeju Self-Governing Province are eligible) 	None	<p>Danish International Ship Register System (DIS)</p> <p>1. Requirements for registration</p> <p>(1) Eligible Owner</p> <ul style="list-style-type: none"> Any person who has Danish nationality Corporation operated by a Danish who lives in Denmark Part-owner shipping undertakings of which no less than two-thirds are owned by Danish nationals and the managing owners of which are Danish and resident in Denmark. A foreign company which is controlled significantly by Danish nationals or companies, or which has appointed a representative in Denmark who is responsible for ensuring that the obligations under DIS are discharged. <p>(2) Type of vessels eligible for registration</p> <ul style="list-style-type: none"> Vessels of 20 gross tonnage or over. Vessels engaged in International voyages. 	<p>Norwegian International Ship Register System (NIS)</p> <p>1. Requirements for registration</p> <p>(1) Eligible Owner</p> <ul style="list-style-type: none"> Any person who has Norwegian nationality Foreign individual who appoint Norwegian as representative Foreign corporation, whose ship management is conducted in Norway <p>(2) Type of vessels eligible for registration</p> <ul style="list-style-type: none"> Vessels of 15 meters length or more, and self-propelled. Vessels engaged in International voyages. 	None

	<p>2. Effects (1)</p> <table border="1"> <thead> <tr> <th></th> <th>Non-International Ships</th> <th>International Ships</th> </tr> </thead> <tbody> <tr> <td>Fixed assets tax</td> <td>tax basis × 1/6</td> <td>tax basis × 1/15</td> </tr> <tr> <td>Registration and license tax</td> <td>4/1000 of ship's value</td> <td>3.5/1000 of ship's value</td> </tr> <tr> <td>Nationality requirements for Manning</td> <td>Japanese only</td> <td>No nationality requirements</td> </tr> </tbody> </table> <p>(2) Wages: — (3) Others: In principle, International Ships are not allowed to be engaged in domestic shipping</p>		Non-International Ships	International Ships	Fixed assets tax	tax basis × 1/6	tax basis × 1/15	Registration and license tax	4/1000 of ship's value	3.5/1000 of ship's value	Nationality requirements for Manning	Japanese only	No nationality requirements	<p>2. Effects (1)</p> <table border="1"> <thead> <tr> <th></th> <th>Non-Int'l Ships</th> <th>Int'l Ships</th> <th>Jeju Registered Ships</th> </tr> </thead> <tbody> <tr> <td>Tax for rural development</td> <td>○</td> <td>○</td> <td>×</td> </tr> <tr> <td>Registration tax</td> <td>○</td> <td>○</td> <td>○</td> </tr> <tr> <td>Property acquisition tax</td> <td>○</td> <td>×</td> <td>×</td> </tr> <tr> <td>Property tax</td> <td>○</td> <td>△</td> <td>×</td> </tr> <tr> <td>Local education tax</td> <td>○</td> <td>○</td> <td>×</td> </tr> <tr> <td>Area resources and facilities tax</td> <td>○</td> <td>×</td> <td>×</td> </tr> <tr> <td>Manning requirements</td> <td>A</td> <td>B</td> <td>B</td> </tr> </tbody> </table> <p>Note 1: ○: levied; △: half exempted; ×: exempted Note 2: A: maximum 6 foreigners accepted but for ratings only B: foreigners accepted except for captain and chief engineer</p> <p>(2) Wages: Foreign seafarers may be employed at the wages provided in the collective labor agreement between the Ocean-Going Transport Enterprises' Association and the Federation of Seamen's Union (3) Others: In principle, International Ships are not allowed to be engaged in domestic shipping</p>		Non-Int'l Ships	Int'l Ships	Jeju Registered Ships	Tax for rural development	○	○	×	Registration tax	○	○	○	Property acquisition tax	○	×	×	Property tax	○	△	×	Local education tax	○	○	×	Area resources and facilities tax	○	×	×	Manning requirements	A	B	B		<p>2. Effects (1) Manning: ① A captain must have Danish or EU/EEA nationality; provided however, that a captain of non-EU/EEA nationality who is employed by a Danish shipping company can be accepted upon approval by an authority concerned. ② Approved foreign seafarers can be accepted. (2) Wages: Foreign seafarers may be employed at the same level of wages as in their own countries. (3) Others: International Ships are not allowed to be engaged in domestic shipping.</p>	<p>2. Effects (1) Manning: 1) A captain must have Norwegian nationality; provided however, that a captain of non-Norwegian who has completed a Norwegian legislation course can be accepted upon approval by an authority concerned. (2) Wages: Foreign seafarers may be employed at the same level of wages as in their own countries. (3) Others: International Ships are not allowed to be engaged in domestic shipping.</p>	
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<p>Tonnage tax</p>	<ul style="list-style-type: none"> • Implemented in fiscal 2009. • Lock-in period: 5 years, selection change is not allowed. • Taxable revenues: revenues earned by Japan-registered vessels. • Chartered vessels ratio: None. • Calculation: levied by net tonnage × deemed revenue* × number of operating days. <p>*Deemed revenue (per day per 100 net ton):</p> <table border="1" data-bbox="418 506 887 688"> <tr> <td>up to 1,000 NT</td> <td>120 yen/100 NT</td> </tr> <tr> <td>1,001–10,000 NT</td> <td>90 yen/100 NT</td> </tr> <tr> <td>10,001–25,000 NT</td> <td>60 yen/100 NT</td> </tr> <tr> <td>25,001 NT and up</td> <td>30 yen/100 NT</td> </tr> </table>	up to 1,000 NT	120 yen/100 NT	1,001–10,000 NT	90 yen/100 NT	10,001–25,000 NT	60 yen/100 NT	25,001 NT and up	30 yen/100 NT	<ul style="list-style-type: none"> • Implemented in 2005. • Lock-in period: 5 years, selection change is not allowed. • Taxable revenues: revenues from international shipping and related activities, including revenues from currency-exchange rate differences. • Eligible corporations: corporations whose total annual operating tonnage of chartered vessels is less than 5 times the annual operating tonnage of its base vessels (owned vessels, etc.). • Calculation: levied by net tonnage × deemed revenue* × number of operating days. <p>* Deemed revenue (per day per 100 net ton):</p> <table border="1" data-bbox="914 655 1391 957"> <tr> <td>up to 1,000 NT</td> <td>1,400 won (98 yen)/100NT</td> </tr> <tr> <td>1,001–10,000 NT</td> <td>1,100 won (77 yen)/100NT</td> </tr> <tr> <td>10,001–25,000 NT</td> <td>700 won (49 yen)/100NT</td> </tr> <tr> <td>25,001 NT and up</td> <td>400 won (28 yen)/100NT</td> </tr> </table> <p>Note: The table above shows the amount of “deemed revenues” per “100 NT” for comparison with the other countries, although the national legislation provides it per “1 NT.”</p>	up to 1,000 NT	1,400 won (98 yen)/100NT	1,001–10,000 NT	1,100 won (77 yen)/100NT	10,001–25,000 NT	700 won (49 yen)/100NT	25,001 NT and up	400 won (28 yen)/100NT	<p>None</p>	<ul style="list-style-type: none"> • Implemented in 2001. • Lock-in period: 10 years, a selection change is not allowed. • Taxable revenues: revenues from maritime and its closely related activities such as freight charges, charter fees, and ship sales income. • Chartered vessels ratio: tonnage of time-chartered vessels should not exceed 4 times the tonnage of owned and bare-chartered vessels. <p>(Tonnage tax can be applied to time-chartered vessels up to 4 times the tonnage of owned and bare-chartered vessels.)</p> <ul style="list-style-type: none"> • Calculation: levied on the vessels owned and/or operated, according to net tonnage × deemed revenue* × number of days of ownership or charter contract (not days of actual operation) <p>* Deemed revenue (per day per 100 net tons):</p> <table border="1" data-bbox="1777 982 2148 1230"> <tr> <td>up to 1,000 NT</td> <td>8.97 DKK (127.5 yen)/100 NT</td> </tr> <tr> <td>1,001–10,000 NT</td> <td>6.44 DKK (91.5 yen)/100 NT</td> </tr> <tr> <td>10,001–25,000 NT</td> <td>3.85 DKK (54.7 yen)/100 NT</td> </tr> <tr> <td>25,001 NT and up</td> <td>2.53 DKK (40.0 yen)/100 NT</td> </tr> </table>	up to 1,000 NT	8.97 DKK (127.5 yen)/100 NT	1,001–10,000 NT	6.44 DKK (91.5 yen)/100 NT	10,001–25,000 NT	3.85 DKK (54.7 yen)/100 NT	25,001 NT and up	2.53 DKK (40.0 yen)/100 NT	<ul style="list-style-type: none"> • Implemented in 2007. • Lock-in period: none. <p>However, in cases when a company changes selection from tonnage tax to regular-corporation tax, reselection of tonnage tax is not allowed for 10 years after the initial selection of tonnage tax.</p> <ul style="list-style-type: none"> • Taxable revenues: Revenues from maritime and its closely related activities such as freight charges, charter fees, and ship sales income. • Chartered vessels ratio: None • Calculation: levied on the vessels owned and/or operated, according to net tonnage × tax amount* × vessel’s number of operating days. Tax amounts are decided annually at Parliament. <p>* Tax amount (per day per 100 net tons):</p> <table border="1" data-bbox="2175 877 2546 1213"> <tr> <td>up to 1,000 NT</td> <td>No tax</td> </tr> <tr> <td>1,001–10,000 NT</td> <td>1.8 NOK (25.34 yen)/100 NT</td> </tr> <tr> <td>10,001–25,000 NT</td> <td>1.2 NOK (16.7 yen)/100 NT</td> </tr> <tr> <td>25,001 NT and up</td> <td>0.66 NOK (8.45 yen)/100 NT</td> </tr> </table> <p>Note: The table above shows the tax amount per “100 NT” for comparison with the other countries, although the national legislation provides it per “1,000NT.”</p>	up to 1,000 NT	No tax	1,001–10,000 NT	1.8 NOK (25.34 yen)/100 NT	10,001–25,000 NT	1.2 NOK (16.7 yen)/100 NT	25,001 NT and up	0.66 NOK (8.45 yen)/100 NT	<p>None</p>
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<p>Other measures for taxation</p>	<p>Nothing in particular</p>	<p>Nothing in particular</p>	<ul style="list-style-type: none"> • Exemption of customs duty and value-added tax under certain conditions in case Chinese-funded ships flying foreign flags are re-registered in China. (Implemented in 2007 and applied until the end of 2015.) • 3% business tax imposed on revenues is waived for international transportation services, including international shipping. 	<p>Nothing in particular</p>	<p>Nothing in particular</p>	<p>Nothing in particular</p>																																

<p>Exemption and reduction of income tax for seafarers</p>	<p>Deduction from taxable income None</p> <p>Non-taxable income (onboard daily allowance)</p> <ul style="list-style-type: none"> • Coverage: Members of seamen’s union • Conditions by type of vessels: vessels employed for international shipping, domestic shipping, and a certain type of fishing vessels: • Others: “Daily allowance” paid to a seafarer on board (amount decided in a collective labor agreement) is non-taxable. 	<p>Deduction from taxable income</p> <ul style="list-style-type: none"> • Coverage: those working away from Korea on international ships and deep-sea fishing vessels. • Conditions by type of vessels: vessels employed for international shipping and deep-sea fishing • Others: deductible amount is 1.5 million won (105,000 yen) per month. In cases of limited-period employment and employment termination in the middle of a month, the amount is reduced based on the number of days worked. 	<p>Deduction from taxable income</p> <ul style="list-style-type: none"> • Coverage: seafarers employed for international shipping • Conditions by type of vessels: none • Others: deductible amount is 1,300 yuan (16,471 yen) per month 	<p>Deduction from taxable income</p> <ul style="list-style-type: none"> • Coverage: those who are Danish residents. • Conditions by type of vessels: those registered in Denmark, excluding DIS ships, that are not used for certain forms of shipping such as short distances. • Others: deductible amount is 56,900 DKK (808,549 yen) per year. In cases of limited-period employment and employment termination in the middle of a year, the amount is reduced based on the number of days worked. 	<p>Deduction from taxable income</p> <ul style="list-style-type: none"> • Coverage: those who are Norwegian residents. • Conditions by type of vessels: NIS ships, Norwegian ships engaged in international shipping, etc. • Others: deductible amount is 80,000 NOK (1,126,400 yen) per year or 30% of annual gross income, whichever is smaller. In cases of limited-period employment and employment termination in the middle of a year, the amount is reduced based on the number of days worked. 	<p>Deduction from taxable income</p> <ul style="list-style-type: none"> • Coverage: those who are Swedish residents. • Conditions by type of vessels: EU/EEA flagged merchant ships, passenger ships, or ships used for commercial shipping purposes • Others: deductible amount is 36,000 SEK (431,640 yen) per year for merchant ships, 35,000 SEK (419,650 yen) per year for passenger ships. * <p>Tax deduction</p> <ul style="list-style-type: none"> • Coverage and conditions by type of vessels: same as in the above. • Others: deduction amount: 14,000 SEK (167,860 yen) per year for merchant ships, 9,000 SEK (107,910 yen) per year for passenger ships. * <p>* In cases of limited-period employment and employment termination in the middle of a year, amount is reduced based on the number of days worked.</p> <p>Tax exemption</p> <ul style="list-style-type: none"> • Coverage: those who are Swedish residents employed in EU/EEA countries and who work onboard for over 183 days per year. • Conditions by type of vessels: oceangoing ships with foreign registration. • Others: Income earned on board is exempted from income tax.
<p>Reduction of seafarers’ social security insurance premium</p>	<p>None</p>	<p>None</p>	<p>None</p>	<p>None</p>	<p>None</p>	<p>None</p>

<p>Support to seafarers' dispatch and return costs</p>	<p>None</p>	<p>None</p>	<p>None</p>	<ul style="list-style-type: none"> • 50% coverage of returning cost in cases where a domestic resident seafarers worked for 6 months or more on the same ship, or on ships under the same owner, that have not called on home ports in the past 3 months. 	<p>None</p>	<p>None</p>
<p>Cabotage (allowance of domestic shipping to ships registered in foreign countries)</p>	<p>Regulated Exceptions</p> <ul style="list-style-type: none"> • 1) in cases provided otherwise by law or treaties (Agreement under Article VI of the Treaty of Mutual Cooperation and Security between Japan and the United States of America, regarding Facilities and Areas and the Status of United States Armed Forces in Japan), 2) in case the purpose is to avoid marine accidents, etc., 3) in cases the Minister of Land, Infrastructure, Transport, and Tourism provides special permission. • Example: Based on special permission by the Minister of Land, Infrastructure, Transport, and Tourism, foreign-registered vessels operated by Japanese shipping companies may carry cargo manufactured by the companies located in Okinawa Prefecture's Special Free Trade Zone or Free Trade Zone between those zones and Mainland Japan. 	<p>Regulated Exceptions</p> <ul style="list-style-type: none"> • 1) in cases provided otherwise by law or treaties, 2) in case the purpose is to avoid marine accidents, etc., 3) in cases the Minister of Land, Transport, and Maritime Affairs provides special permission. • Relieved in specified sea routes (Busan–Incheon, Busan–Kuwangyang). • BBC/HP are treated in the same way as ships registered to Korea. 	<p>Regulated Exceptions</p> <ul style="list-style-type: none"> • in case when mutually agreed between 2 countries; (No actual cases.) 	<p>No special regulations</p>	<p>No special regulations</p>	<p>Regulated Exceptions:</p> <ul style="list-style-type: none"> ① EU-flagged vessels; ② In cases where mutually agreed between countries; ③ In cases Swedish-flagged vessels are not available .
<p>Exceptional measures on depreciation and special exceptions for replacement of vessels</p>	<ul style="list-style-type: none"> • Special treatment of depreciation: for low-environmental-impact vessels, in cases of Japanese flagged vessels, additional rate of 18% and in cases of foreign flagged vessels, additional rate of 16%, over base rate may be allowed. e.g.: In case where the useful life of a vessel is 15 years; when the declining balance method 200% is used , the depreciation rate is 31.33% (18% being added to the base rate of 13.33%) in case of Japanese flagged vessels, 29.33% (16% being added to the base rate of 13.33%) in case of foreign flagged vessels. • Special tax treatment for replacement of a vessel: at the point of sale of a vessel and purchase of replacement vessel, taxation on 80% of the gain on sale can be deferred. 	<p>None</p>	<p>None</p>	<ul style="list-style-type: none"> • Extra depreciation for newly built ships: limited to the initial year of a newly built ship, a depreciation ratio of 20% can be applied, which is ordinarily 12% . • Special tax treatment for replacement of a vessel: when a ship is purchased in the same or the following fiscal year as another ship's sale, taxation on the gain on sale can be deferred. 	<p>None</p>	<p>None</p>

Other maritime-related support policies	Net wage system for seafarers' earnings	None	None	None	<ul style="list-style-type: none"> Coverage: those who are Danish residents. Covered ships: DIS ships. Subsidy amount: a shipping company does not have to pay income tax withheld for a covered seafarer and can retain it. 	<ul style="list-style-type: none"> Coverage: Same as those in the deduction from taxable income scheme. Covered ships: Norwegian ships engaged in international navigation or navigation between ports that are 300 or more nautical miles apart. Subsidy amount: the amount of a seafarers' income tax and national insurance premium, up to the amount of 198,000 NOK (2,787,840 yen) per seafarer employed, is to be granted/refunded to a shipping company. 	None
	Support for employment costs	None	<p>Employment support for national essential fleet</p> <ul style="list-style-type: none"> When a ship is designated as a national essential ship, which may be requisitioned in emergency situations, and for which number of foreign crew members is restricted, the government subsidizes the amount of difference between the employment costs of Korean seafarers who is required to hire due to such restriction and the estimated employment costs of foreign seafarers. 	None	None	<ul style="list-style-type: none"> Coverage: those who satisfy all the following requirements: ① an EU/EEA national or Norwegian resident; ② on board ships for 130 or more days in a calendar year or regularly employed by a shipping company; ③ joins the Norwegian national insurance scheme. Conditions by type of vessels: NIS-registered ships or NOR-registered ships. Others: the amount of 12.1% of covered seafarers' wages in a case of NOR ships (9.3% of those in a case of NIS ships) is to be subsidized to an employer. 	<p>Maritime subsidy</p> <ul style="list-style-type: none"> Coverage: Swedish seafarers on Swedish-flagged vessels. Conditions by type of vessels: those registered in Sweden. Others: the amount of a portion of seafarers' income tax and social welfare is to be subsidized to an employer.
	Exceptions on taxation on dividend from ship investment companies	None	<ul style="list-style-type: none"> For dividends from ship investment companies, tax is levied as separate taxation at 5% rate if the investment is within 300 million won. 	None	None	None	None
Basic data relating to maritime policies	Registered vessels ¹	Number of vessels: 5,619 G/T: 17,423,229	Number of vessels: 2,916 G/T: 12,083,742	China Number of vessels: 4,148 G/T: 37,924,243 Hong Kong (China) Number of vessels: 1,935 G/T: 70,205,767	(DAS) Number of vessels: 279 G/T: 185,474 (DIS) Number of vessels: 534 G/T: 11,416,132	(NOS) Number of vessels: 1,469 G/T: 2,618,195 (NIS) Number of vessels: 535 G/T: 13,893,715	Number of vessels: 452 G/T: 3,369,262
	Ocean trade volume etc. ²	Container movement volume: 11,707,337 TEU Ocean trade volume: 923,062,959 tons	Container movement volume: 9,633,648 TEU Ocean trade volume: 75,214,281 tons	Container movement volume: 42,309,287 TEU Ocean trade volume: 1,987,998,703 tons	Container movement volume: 482,024 TEU Ocean trade volume: 15,893,388 tons	Container movement volume: 509,763 TEU Ocean trade volume: 24,951,213 tons	Container movement volume: 1,002,603 TEU Ocean trade volume: 35,300,381 tons

- Currency exchange rates in the charts are as of February 21, 2012 (1 won = 0.07 yen, 1 yuan = 12.67 yen, 1 DKK = 14.21 yen, 1 NOK = 14.08 yen, 1 SEK = 11.99 yen).

Notes 1. Prepared by JMC based on IHS Fairplay data (merchant vessels of 100 gross tons or more).

2. Prepared by JMC based on IHS Global Insight data.