

Corporate Registry Updates from the Republic of the Marshall Islands and the Republic of Liberia



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Related Practice Areas

- Transportation & Trade

The Republic of the Marshall Islands

On January 1, 2019, the Economic Substance Regulations, 2018 (ESRs) adopted by the Republic of the Marshall Islands came into force. The ESRs, which were amended on February 21, 2019, and further amended on August 29, 2019, apply to all Marshall Islands non-resident domestic entities (NRDEs) and foreign maritime entities (FMEs) registered in the Marshall Islands that meet the definition of “relevant entity” and that derive income from a “relevant activity.”

Relevant entity is defined in the ESRs to include a NRDE or an FME that is centrally managed and controlled from within the Marshall Islands and is not a tax resident of a jurisdiction other than the Marshall Islands. Relevant activity is limited under the ESRs to eight enumerated activities including the operation of vessels registered under Marshall Islands law in international traffic for income from the transport of passengers or cargo and includes activities where the relevant activity is directly connected with, or ancillary to, such operations.

All Marshall Islands NRDEs and FMEs are now required to submit an Economic Substance Declaration to the Registrar of Corporations on a yearly basis. This declaration will require each such entity to report whether it is a relevant entity and, if so, whether it has derived income from a relevant activity. If a relevant entity reports income from a relevant activity, it will be required to report additional information through the secure web portal developed by the Registrar.

On July 1, 2020, the ESR Reporting Portal opened for reporting. All NRDEs and FMEs will receive as an attachment to their next annual invoice their unique personal identification number (PIN) that is required to access the portal. NRDEs and FMEs will then have 12 months to complete their ESR Report. Within 72 hours of submission, a Certificate of Economic Substance Reporting Compliance will be sent to the email address of the user submitting the ESR Report.

The Republic of Liberia

The Republic of Liberia amended its Associations Law, Title 5, Liberian Code of Laws Revised, on April 6, 2020 (Act). These amendments update the corporate laws of Liberia by, among other things, (1) liberalizing execution, filing, and acknowledgement requirements, and (2) making the non-statutory corporate laws of Liberia uniform with the laws of the state of Delaware and other U.S. states with substantially similar legislative provisions. Insofar as it does not conflict with any other provision of the Act or the decisions of the courts of the Republic of Liberia, both of which take precedence, the Act adopts the non-statutory laws of the state of Delaware and other U.S. states with substantially similar legislative provisions and authorizes and directs the Liberian courts to apply such laws in resolving any issue before such courts.

Two other items of note. The Act confirms the disabled bearer share conversion deadline of the first anniversary of the date of incorporation subsequent to December 31, 2018 (conversion date). All bearer shares must be either converted to registered shares or deposited with a custodian pursuant to a custodial agreement entered into between such holder and the custodian by the conversion date. Otherwise, such bearer shares shall be disabled (cancelled). The Act also requires that the registered agent ensure that the required information of directors, management, and ownership on all non-resident domestic business entities is maintained as required under the Business Corporation Act and ensure the accessibility and availability of that information to the relevant competent authorities.

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