



Newsletter
April 15, 2012

Volume 1, Edition 7

THE FORTNIGHTLY DELIGHTFULLY BRIEF, PITHY AND WHOLLY IDIOSYNCRATIC NEWSLETTER.



Delightfully Brief

If you are American, April 15 is the annual income tax day. In America, the typical person works until April 15th each year simply to pay his taxes under likely the most grotesque set of state revenue laws ever devised. The American system is a voluntary system of payment. If one does not volunteer one goes to jail. The stories are legion of a domestic taxation case being given 50 tax preparers wherein 50 different answers come back to the

part asking. Welcome to the World's Largest Banana Republic.

Pithy

Owners and insurers in the maritime industry worldwide are adept at avoiding taxes. J.P. Morgan, the 19th century financier, said famously that if the Congress were stupid enough to make tax laws he was smart enough to find lawyers who could find loopholes in them. Morgan never knew the modern shipowner

In This Issue

- The Banana Republic
- The Tax Dance
- Step Right Up!
- Urgings

How may
Cartner &
Co. help
you?

Bring your maritime law, engineering, operations, management or economics problem to us.

who would make Morgan a piker. There are currently 193 states and two observers in the UN. Each has a tax regime. There are 170 members of the IMO and three observers. Of the 170 members, perhaps 150 have active vessel registries. Panama, Liberia, the Bahamas and the Marshall Islands account for a good percentage of vessel registrations. Clearly, owners can take advantage of tax regimes in the UN states and advantage of the registration regimes in the IMO states and by mixing and matching pay little in taxation and reduce liability other ways substantially. A creative lawyer can work miracles in this area. A bad one can get an owner in a pit of trouble. This demonstrates the axiom "there is no cheap lawyer." One pays now or pays later.

We represent a Ukranian shipmaster who has been jailed in Panama for over a year without bail or charge. These very difficult cases of criminalization of masters seem to be increasing in frequency. In a future letter I will provide more details of the case and the Procrustean laws in Panama surrounding this master.

It is likely that we have succeeded in solving a similar problem elsewhere.

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Wholly Idiosyncratic

The first act of the American Republican Candidate Comedians seems to be over. The second act will be horse-trading at the annual convention. Currently it would appear that Mitt Romney is Barack Obama's best friend. Of course a lot depends on the Court which appears to be now wholly politicized and fractionated. One of its recent decisions infuriated both liberals and conservatives. Police can now strip search one arrested no matter how minor the charge. This decision perhaps shows how out of touch this body of august American elders is. The rule now makes airport groping by the DHS merely a side show of the government. I await with interest the concomitant Democratic Party

hoot-fest. One would like not to. However, in modern America in most ways one can run but cannot hide from either television or the organs of state security.

Urgings

Have not signed up for FOB? It makes LinkedIn obsolete for maritime people. Give it a try. TheFOBNetwork.com.

I have been privileged to work with Dave Gardy of [Maritime TV](#), a web-based channel covering maritime events. Recently I was interviewed by Dave on matters at the US Merchant Marine Academy and on re-emphasizing trade as a purpose over mere transport. I attach the two for your viewing pleasure:

[Maritime TV Industry Report](#)
[KingsPoint Report Interview](#)

Need help with entity formation and maintenance and international taxation minimization and defense? These parts of the law are not for amateurs. The Cartner Companies can help. They are experts in the field with a lot of experience. Give me a call or write an e-mail. I will tell you all about it.

Smooth sailing, fair winds and a following sea.

John A. C. Cartner
Managing Member, the Cartner Companies
and Cartner & Co., LLC, maritime consultants

Cartner & Co., LLC consults in maritime and related law, naval architecture and marine engineering and maritime economics and trade.

From the archives: We were called upon to assess the

worldwide market in molten sulphur carriage, emphasizing the EU and North and South America and to develop conceptual plans for both carriers and shipping and reception ports. There was and is a market in this quite interesting trade. For the same client we also looked at a methacoal transport system in Borneo to a new methacoal plant at Labuan. No legal, engineering, taxation or consultative advice is provided herein and none should be construed. The views expressed herein are solely the author's.

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