



MARITIME WATCH

Perfection of Ship Mortgages in Nigeria

Introduction

One of the ways a Nigerian maritime company can raise financing is by obtaining a loan facility and using its vessel as security for the facility obtained. Under Nigerian law, it is necessary for such mortgages created to be registered. We have set out here, the processes involved in the perfection of a ship mortgage, the legislative timelines and the timeline applicable in practice.

Perfecting a Mortgage, which statutorily should take 5 weeks, involves the following processes:

- (a). Obtaining the consent of the Director General of Nigerian Maritime Administration and Safety Agency (**NIMASA**) to the transaction;
- (b). Stamping of the Mortgage Deed (and Facility Agreement, if applicable) by the Federal Inland Revenue Services (**FIRS**);
- (c). Registration of the mortgage with Corporate Affairs Commission (**CAC**) and NIMASA.

Statutory Fees

The statutory fees for the mortgage registration are as follows:

S/N	Documents	Amount (₦)	Agency Responsible
1.	Consent to Mortgage	₦50,000.00	NIMASA
2.	Mortgage Forms	₦30,000.00	NIMASA
3.	Stamp duties	**Nominal rate	FIRS
4.	CTC of Document	₦2,000.00 per page	CAC
5.	Registration of charges for private company at the CAC	1% of the secured or stamped amount for a private company and 2% for a public company	CAC
6.	Registration of Mortgage at NIMASA	₦100,000.00	NIMASA
7.	Additional registration expenses	₦75,000.00	

** the FIRS insists that “all deeds of mortgage” must be subject to a fee of 0.375% of the mortgage sum unless the deed is silent on the secured sum.

Other things to Note

Ordinarily, the deed of mortgage of the vessel, being an instrument *“for the sale, transfer or other disposition, either absolutely, or by way of mortgage, or otherwise, of any ship or vessel*

or any part, interest, share or property of or in any ship or vessel" is exempt from the payment of stamp duties under the Schedule to the Stamp Duties Act. However, the FIRS insists that "all deeds of mortgage" must be subject to a fee of 0.375% of the mortgage sum unless such deed of mortgage is silent on the secured sum.

Where the sums secured are in foreign currency, conversion shall be at the inter-bank rate applicable on the date of assessment and not the CBN rate.

How We Can Help

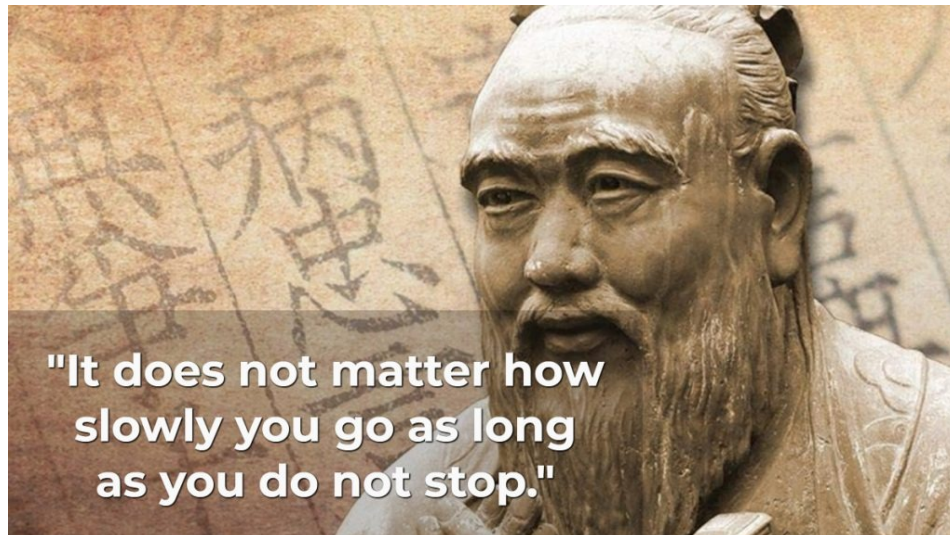
Due to bureaucratic red tape applicable in government agencies (especially NIMASA), the perfection process may extend far beyond the statutorily prescribed period of 5 weeks. Brooks and Knights Legal Consultants can assist your business in perfecting your ship mortgage. Our consultants have established relationships in all the government agencies involved in the perfection of ship mortgage and are well able to manage a swift and seamless perfection process on your behalf. Our consultants are also versatile in advising on tax related maritime matters, contract review and negotiation. Please [Contact Us](#).

DO YOU KNOW?

The Federal Government has commenced the process of placing a ban on importation of certain categories of vessels into Nigeria by 2022 as part of efforts to encourage local participation in shipbuilding.

The crew of a ship are advised to alert the authorities in the event corona virus is suspected on board and take precautions to reduce the possibility of the spread of any virus.

Nigeria imported over 19bn litres of petrol in 2019.



[Contact Us](#)

Brooks & Knights Legal Consultants

4 Alh Kanike Str, Ikoyi, Lagos

0813 810 2100

info@brooksandknights.com

www.brooksandknights.com

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