

Legal Ease

A maritime attorney can help you understand the legal aspects of trawler ownership.

I am not an attorney, and very likely, neither is your trawler broker. For this reason, you can't rely on a broker's interpretations about legal issues. We have good intentions—we can talk about what we know and what we have seen—but you should always retain professional legal counsel when buying a trawler.

Why? Because legal decisions are part of every transaction. Once your payment plan and insurance coverage are arranged, you will need to focus on ownership choices (mostly tax- and title-related) that have legal consequences and that can add expenses. You will want a maritime attorney at your disposal, because you're likely to have a lot of questions.

Your broker can introduce you to a good maritime attorney who specializes in yachts. Yes, these attorneys will charge you a fee, but in our experience, those same attorneys often save our clients much more time and money than they collect. Decisions made during the purchase phase can have ramifications that last throughout the duration of your boat ownership. Getting these details right up-front will let you cruise with confidence.

Every transaction involves a unique combination of buyer, seller and boat-ownership entities. Your attorney can help you understand how the vessel you want to buy is titled (ownership status), where it is registered or documented, and how your choices of home port and cruising itineraries can affect you legally.

Ownership status refers to how the owner of record is listed. Is the vessel titled in a person's name, a trust or a corporation? A maritime attorney can help you determine the most advantageous way to hold title, so you can avoid what I call the "title wave" of swirling obligations. Vessel title and ownership title are essential discussion topics to review with your attorney.

An attorney can walk you through the popular ownership choice of a limited liability company. This type of entity has a potential for tax savings and may make the boat easier to sell later. If you are looking at becoming the new member of an LLC, a maritime attorney must conduct the transfer; he will find out what taxes have been paid, and what debts the LLC has incurred.

You also need to document the boat's history of sales, use and property taxes. Who paid what and when? There are few,

if any, legitimate write-offs, so I advise my clients to tap their "tax brakes": stop and learn about your tax options, and then see how you can legitimately minimize your exposure. Some choices you'll face include where to close (perhaps with off-shore delivery?) and when you must leave the location to remain compliant with permitting. If you handle taxes correctly with the advice of your attorney, you will not need to look over your shoulder while cruising.

What about U.S. duty-paid status? Many trawlers are manufactured outside of the United States. Is the vessel you are buying documented by the U.S. Coast Guard with a U.S. Customs and Border Protection entry summary showing proof of duty paid? A maritime attorney can help you with these details, too.

An attorney can walk you through the popular ownership choice of a limited liability company. This type of entity has a potential for tax savings and may make the boat easier to sell later. If you are looking at becoming the new member of an LLC, a maritime attorney must conduct the transfer.

A Coast Guard-documented vessel is easy to transfer to a fellow U.S. citizen, and you can pull an abstract of title to see if any liens have been recorded. But, has the vessel ever traveled internationally and accumulated cruising permits? Immigration authorities may detain you and possibly seize your vessel if records show that someone else owns the boat. Your attorney can insist that all country visitation permits issued to the vessel are canceled as part of your closing process. Your trawler also comes with a dinghy. What taxes and registration fees are involved for that boat?

The legal aspects of trawler ownership can be intimidating. You are going to have a lot of questions that need answers. With the help of a professional maritime attorney, you will end up with a clear title, a notarized bill of sale, federal documentation, state registration, fulfilled tax indebtedness, permits filed, and any other necessary paperwork properly sorted and filed—so you can get to the fun part, and go cruising. ✨



Jeff Merrill has helped with hundreds of trawler transactions across the United States and abroad. For 20 years, he has shared trawler skills and tips at TrawlerFest, at JMYS.com and on his YouTube channel. Jeff is a certified professional yacht broker and a licensed managing broker in California and Florida.