



**FLOTT  
& CO. PC**  
ATTORNEYS

***Fees for ShipTax Representation***  
(current as of January 1, 2018)

**Introduction**

The general terms and conditions that apply to all of the legal representations we undertake can be found in a separate document on our website, called General Terms and Conditions.

This document describes the fees that we charge for shipping tax work. We do not enter into separate engagement agreements with clients for these services, but expect clients to have read this document and our General Terms and Conditions, which are incorporated by reference into these representations, before agreeing to use our services.

**Responsibility**

Stephen Flott and Joseph Siegmann are principally responsible for this work. Paralegals and support staff are used to perform tasks appropriate to their training and experience.

**Charges**

| <b><i>Tax Filings for Clients Complying with Section 883 Regulations</i></b>  |                 |
|---|-----------------|
| <b><i>Charges for New Clients<sup>1</sup></i></b>   |                 |
| Initial Section 883 Filing for the first filing corporation, preparation of ownership statement(s) for qualified shareholders of more than 50% of filing corporation  | \$3,000         |
| Initial Section 883 Filing for each of the next four filing corporations, preparation of ownership statement(s) for qualified shareholders of more than 50% of filing corporation   | \$1,500         |
| Initial Section 883 Filing for balance of filing corporations, each   | \$850           |
| <b><i>Charges for Established Clients</i></b>   |                 |
| General Section 883 Representation – fewer than 8 ships under management per year, includes all Information Only (IO) <sup>2</sup> returns for that year  | \$850           |
| General Section 883 Representation – 8 or more ships under management per year, includes all IO returns for that year   | \$2,200         |
| Preparation of Tax Returns (10 or fewer returns) – per return   | \$400           |
| Preparation of Tax Returns (11 to 19 returns) – per return  | \$350           |
| Preparation of Tax Returns (20 or more returns) – per return  | \$300           |
| Preparation of Initial/Revised Ownership Statements per corporation   | <i>See Note</i> |
| Preparation of Renewal Ownership Statements per corporation   | \$50            |
| <b><i>The variation in the time required to prepare initial and revised ownership statements varies so much from client to client that, beginning with 2013 filings, we decided to determine the fee based on each client's completed Qualified Shareholder Questionnaires.</i></b> |                 |
| <b><i>Tax Filings for Clients using Treaty Based Exemptions</i></b>   |                 |
| <b><i>Charges for New Clients<sup>1</sup></i></b>   |                 |
| Initial Treaty Filing for the first filing corporation  | \$2,500         |
| Initial Treaty Filing for each of the next four filing corporations   | \$1,250         |
| Initial Treaty Filing for balance of filing corporations, each  | \$650           |

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<sup>1</sup>These charges cover advice and assistance with all filings including for overdue years regardless of the number of such returns that are filed.

<sup>2</sup>Information Only returns refer to filings made for corporations that have previously filed a US tax return, but do not have a vessel call in the US during a subsequent tax year. We use the IO return to advise the IRS that the corporation does not have a tax filing obligation for the year.



| <b><i>Charges for Established Clients</i></b>  |         |
|--|---------|
| General Treaty Representation – fewer than 8 ships under management per year, includes all IO returns required for that year           | \$650   |
| General Treaty Representation – 8 or more ships under management per year, includes all IO returns required for that year              | \$1,850 |
| Preparation of Tax Returns – same as for Section 883 returns   |         |
| <b><i>Tax Filings for Clients Paying Tax</i></b>   |         |
| <b><i>Charges for Initial Filings for New Clients</i></b>  |         |
| Initial Filing for the first filing corporation, including calculation of tax and preparation of Rev.Proc. 91-12 schedule              | \$3,000 |
| Initial Filing for each of the next four filing corporations, including calculation of tax and preparation of Rev.Proc. 91-12 schedule | \$1,500 |
| Initial Filing for each additional filing corporation, including preparation of Rev.Proc 91-12 schedule, each filing corporation       | \$750   |
| <b><i>Charges for Tax Filings for Established Clients</i></b>  |         |
| General Representation per year, includes all IO returns required for that year  | \$425   |
| Calculation and filing of estimate quarterly tax payments, each  | \$300   |
| Preparation of Tax Returns – same as for Section 883 returns   |         |

In addition to the above listed charges, if the filing of an extension is caused by the client's delay in completing and returning tax information worksheets required to prepare the tax returns or information needed to prepare ownership statements, we charge \$35 per extension that must be filed as a result. No extension will be filed, and no fee will be charged, if a corporation affected by the client's delay is filing an Information Only return. If a client is unable to complete the tax filings by the extended deadline, we charge an additional \$50 per extension request filed as a result.

The fees on this schedule cover the preparation and filing of tax returns and any time associated with responding to IRS notices or correspondence regarding the returns, correcting IRS errors in processing of returns, or any other follow up required to address IRS action taken in response to the filing of returns.

***The fees on this schedule do not include advice on tax matters unrelated to the preparation of tax returns or ownership statements. All such activity will be billed in accordance with our General Terms and Conditions and may require a separate engagement agreement.***

#### **Standard Administrative Charge**

Based on the nature of our shiptax representation, we divide our general out-of-pocket costs associated with travel and other expenses that relate to the shiptax representation on a *pro-rata* basis among clients by means of a Standard Administrative Charge (SAC), which is charged for each filing, including IO filings, to a maximum of 15 per year. The SAC is separately described on our invoices. The SAC for 2017 filings is \$40.60.