

Registration of aircraft in Guernsey

Last reviewed: July 2024

1 Introduction

This Guide provides an overview of the Guernsey aircraft registry, 2-REG (the **Aircraft Registry**) which offers a full scope of regulatory services to support aircraft owners and lessors for aircraft not used for commercial air transport.

2 Overview

The Aircraft Registry was established in December 2013 under the Aviation Registry (Guernsey) Law, 2013 (the **Law**) ([here](#)). It offers a flexible and unique platform to support owners and lessors of small and corporate aircraft in compliance with international registration requirements, as well as mortgages over aircraft assets. Full details can be found on the Aircraft Registry's website ([here](#)).

There are a number of benefits to registering an aircraft in Guernsey, including:

- tax efficient rules, meaning there is no tax payable on the transfer of title to an aircraft
- stable political environment
- the Aircraft Registry offers a full range of aircraft registration services, including airworthiness certification, pilot licence validation and operator certification
- personalised registration marks
- a customer-driven registry with a focus on efficiency, supplemented by local high quality service providers, including worldwide network of safety oversight inspectors
- competitive registration fees ([here](#))
- a dedicated online application portal ([here](#))
- the Aircraft Registry accepts regulatory systems from major aviation jurisdictions (including the USA, EU and Canada)
- validation of pilot licence based on host licence without requirement for further differentiation, and
- domestic legislation to protect the interests of lenders.

3 The Cape Town Convention

The Convention on International Interests in Mobile Equipment (the **Cape Town Convention**) (as modified by the Protocol on Matters Specific to Aircraft Equipment (the **Protocol**)) was extended to Guernsey in November 2015 and has been incorporated into local legislation pursuant to the Aviation Registry (Interests in Aircraft) (Guernsey) Ordinance, 2015 (the **Ordinance**) ([here](#)) following ratification by the UK on 27 July 2015.

The Cape Town Convention and the Protocol provide a system of standardisation in respect of aviation related assets, create international standards for registration of ownership and security interests and provide legal remedies for lenders.

The Cape Town Convention has been given effect in Guernsey by the Ordinance and allows for the validity and enforceability of security over aircraft and associated assets registered with the Aircraft Registry thus providing sufficient protection and certainty to third parties, including those providing finance for such purchases.

4 Registration

2-REG has grown rapidly since its inception and is now well-established for the registration of small, corporate and lessor-owned aircraft, having successfully registered nearly 1,000 aircraft as at December 2023.

The registration process is straightforward and applications can be made via the Aircraft Registry's online application portal. The following persons are deemed eligible to make an application to register an aircraft:

- the Crown
- individuals who are:
 - Commonwealth citizens
 - nationals of any state belonging to the European Economic Area (EEA) or European Free Trade Association (EFTA) or
 - represented by a resident agent¹
- legal persons registered in or having their principal place of business in:
 - the British Isles
 - the Commonwealth
 - an EEA or EFTA State
 - Brazil, Japan, the People's Republic of China, and South Africa²
 - the United Arab Emirates or
 - the USA
- legal persons represented by a resident agent³ or
- any other person, at the discretion of the Aircraft Registry.

In order to maintain the integrity and reputation of Guernsey, the Aircraft Registry will carry out due diligence in respect of the applicant. A summary of the Aircraft Registry's due diligence can be found [here](#).

5 Security

The Aircraft Registry maintains a register of charges (the **Charges Register**) that secure aircraft assets, including airframes and engines. Application can be made by or on behalf of a lender for the registration of a charge, which can be governed by the laws of a jurisdiction other than Guernsey.

Registration of an aircraft asset provides the lender with additional security. Following the payment of preferred taxes and liens, registered charges over an aircraft asset will rank ahead of unregistered charges and all other debts. If there is more than one registered charge, those charges rank in order of registration, with the first in time having priority.

Lenders also have the option to register priority notices with the Aircraft Registry before making the application for the charge to be inserted onto the Charges Register. Once the charge is subsequently registered within the prescribed time following the registration of a priority notice, the date of registration of the charge will be taken to be the date that the priority notice was registered, as opposed to the charge.

6 Enforcement

Lenders will benefit from the entrenched enforcement powers and rights contained within domestic legislation. Subject to the provisions of the charge document, the lender shall have the power to take

¹ Where the resident agent is (a) resident in the Bailiwick of Guernsey and (b) a licensed fiduciary under the Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2020

² Provided only that the legal person primarily operates an aircraft leasing business

³ Ibid

possession or control of the charged aircraft, sell or grant a lease of any such aircraft asset and receive any income or profits arising from the management or use of the aircraft asset, on the occurrence of an event of default.

7 Conclusion

The Aircraft Registry offers a full range of services, including provisioning aircraft transitions product to leasing and financing companies, thus securing its position in the global aviation sector. The flexible and efficient approach adopted by the Aircraft Registry, along with the attractive fees and personalised registration marks, has secured Guernsey as a popular destination for aircraft owners and lenders. The Aircraft Registry is now seen as a prominent player in the global aviation industry.

Contacts

A full list of contacts specialising in Banking & Finance law can be found [here](#)