

## Four Bad Reasons to Change Aircraft Registry

Aviation industry and legal experts share with Felipe Reich the most common missteps owners make when changing aircraft registry, and why poorly-reasoned decisions can create unintended operational and financial consequences.

[Aircraft Ownership](#)

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***Changing an aircraft registry is often presented as a straightforward administrative step, but in reality it sits within a far more complex set of decisions. registry choice influences financing, operations, regulatory alignment, and how the aircraft is perceived by key stakeholders.***

When aircraft owners focus too narrowly on a single factor – whether cost, tax, convenience, or reputation – they risk overlooking how that choice fits into the aircraft’s broader lifecycle.

From a legal standpoint, Katie Bancroft, Legal Director at Jaffa & Co., says that a common, flawed assumption seen time and again is that changing the registry is a simple administrative exercise that exists in a vacuum.

“That’s not the case,” she counters. “The aircraft’s registration is one thread in a wider tapestry that’s carefully crafted by a team of expert advisers.”

### **Bad Reason #1: Changing Registries with an Over-focus on Tax**

Tax is often the starting point in any registry discussion, but issues arise when it becomes the sole driver. An aircraft’s registry must align with operations, financing, and regulatory requirements, not just fiscal efficiency.

In regard to how often clients pursue a registry change for tax reasons without fully understanding the legal and compliance implications, Bancroft reveals that this can occur particularly with first-time owners dealing with a complex acquisition and conflicting advice from many well-meaning parties.

***“Ownership and tax structures are heavily fact-dependent, and 'one size fits all' solutions do not exist,” she stresses. “We would encourage owners in this situation to ensure all well-meaning guidance is checked thoroughly by instructed experts to ensure that it is relevant to the intended structure and operations at hand.”***

Indeed, Sir Jorge Colindres, Founder and Executive Chairman of The Registry of Aruba, notes that a registry decision should never be driven solely by taxes. “We sometimes see owners and operators focus heavily on fiscal efficiency without fully considering the operational, regulatory, and practical implications that come with that choice,” he says. “The strongest decisions are the ones that balance both.”

Kyle James, Business Development Manager at Bermuda Aircraft Registry, explains that it’s less about owners over-focusing on tax and more about treating tax as a standalone decision point.

He adds that in most cases tax is a valid place to begin the conversation. “The issue arises when that initial focus isn’t followed by a broader evaluation of how the registry interacts with operations, financing, and regulatory requirements.”

### **Bad Reason #2: Changing Registries for Administrative Convenience**

Sir Jorge believes that one of the worst reasons to change registries is choosing the option that seems easiest in the short term, rather than what is best for the aircraft and your operations in the long term. In a nutshell, an aircraft registry isn’t just paperwork; it becomes part of the aircraft’s operations and regulatory identity.

“Owners and operators should be looking at credibility, oversight, responsiveness, and how well the registry will support the aircraft over time – not just how quickly they can get through an immediate process,” Sir Jorge underlines.

Short-term administrative solutions can be necessary, particularly during ownership transitions or tight timelines. The risk emerges when those decisions are made without a clear view of how the aircraft will operate in the long term. What solves an immediate issue can create added complexity later – from re-registrations to operational constraints – if it is

not aligned with a broader, forward-looking plan.

While short-term administrative convenience isn't inherently a bad thing – there are many situations it's entirely appropriate such as where an aircraft needs to be placed on a registry quickly during a transition between owners, operators, or jurisdictions – “the key difference is whether that decision is made as part of a structured plan, or simply as a reactive step without considering what comes next,” James specifies.

***Bancroft highlights that clients have differing priorities, with some valuing the speed of solution implementation over the cost of implementation or the likelihood that the solution will require further adjustments later down the line.***

She acknowledges there are times when this doesn't cause any long-term legal or contractual issues. “There was a period, for example, where it was quicker to change registry from the G-Reg [United Kingdom] to the M-Reg [Isle of Man] in order to obtain an Export Certificate of Airworthiness, rather than endure the wait for the issue of the document from the G-Reg.”

Other times, however, have caused issues. Bancroft recalls a case in which one client registered their aircraft under the N-Reg for short-term convenience via an owner-trustee, “but came to us after being told that their arrangement was not permitted by the FAA. Upon investigation, it became apparent that the client had fallen into what the NBAA has described as ‘the Flight Department Company Trap’.”

In this specific case, as revealed by Bancroft, the aircraft was registered under FAR Part 91, and the client's single-purpose vehicle that operated the aircraft was seen by the FAA as a ‘flight department company’, having no other business than operating the aircraft. Under FAR Part 91, aircraft operations by a flight department company are illegal.

### **Bad Reason #3: Changing Registries Based on Perceived Reputation**

A registry's reputation can be another useful starting point, but it should not be the deciding factor. Well-known jurisdictions carry credibility, yet that does not guarantee they're the right fit for every aircraft or operation.

When decisions are driven primarily by perception, owners risk selecting a registry that looks right on paper but doesn't align with their practical, operational needs.

Sir Jorge believes that there can sometimes be an assumption that a larger, more globally recognized registry is automatically the better choice because of its size or perceived stature. But scale, he argues, does not always translate to suitability.

***“When decisions are made based too heavily on perception, owners can later find themselves dealing with unnecessary complexity or a framework that is not as commercially or operationally efficient as expected,” he warns. “The strongest registry decisions are rarely about prestige alone; they are about choosing the jurisdiction that best supports the aircraft in practice.”***

James says a strong reputation is generally a positive starting point, adding that if a registry is well regarded in the market, there’s usually a reason for that – whether that is quality of oversight, international acceptance, or confidence from financiers and operators.

“The issue arises when reputation becomes the only reason for the decision,” he adds. “A registry may be highly respected, but that does not automatically mean it is the right fit for every aircraft, ownership structure, or type of operation.”

#### **Bad Reason #4: Changing Registries to Avoid Compliance Requirements**

Changing registries to sidestep compliance requirements may seem like a good move, but it often creates more problems than it solves, according to the experts. Reduced oversight can raise concerns with lenders, insurers, and regulators, introducing friction where credibility is essential.

In terms of legal risks associated with using a registry change to bypass certain regulatory requirements, Bancroft explains that there could be various outcomes. “Each jurisdiction is different, but speaking broadly, the potential risks are wide ranging depending on the seriousness of the issue: from de-registration of the aircraft, grounding of the aircraft, fines or criminal liability for the owner or operator,” she warns.

For Sir Jorge, switching registries to avoid specific oversight or compliance requirements can quickly backfire. “Reduced scrutiny in one area can lead to challenges in financing, insurance, international acceptance, and resale value,” he illustrates.

“Just as importantly, those regulatory measures exist for a reason. They are ultimately in place to uphold safety and protect passengers.”

***James agrees, believing that switching registries to avoid specific oversight has consequences, since aviation is an ecosystem in which all stakeholders rely on confidence in the regulatory framework. “Financiers may be less comfortable, insurers may impose additional conditions, and operators can face limitations when seeking approvals in certain jurisdictions,” he cautions.***

Bancroft notes that any intended change in registration will typically require lender consent, because it may affect how the lender’s security (e.g., a mortgage) is perfected and prioritized, and may require that security to be re-registered to preserve its enforceability and ranking.

“It may also trigger amendments or consents under the finance documents (including any loan or tripartite arrangements with the operator),” she adds. “In addition, certain leasing or operational structures may not be recognized or permitted in the new jurisdiction, so these should be reviewed in advance.”

#### **Don’t Make Key Aircraft Registry Decisions Without Expert Advice**

As already outlined, registry decisions sit at the intersection of legal, financial, and operational considerations, making expert input essential. Without coordinated advice across these areas, what appears to be a straightforward change can lead to conflicts, delays, or structural issues later.

Without proper consultation, James notes, owners can encounter conflicts with lender requirements, delays in delivery or entry into service, and limitations on where or how the aircraft can operate. “In some cases, it can require restructuring ownership or leasing arrangements after the fact, which is both costly and time-consuming.”

Bancroft adds that it's always best to instruct local counsel in the relevant jurisdiction to assess how any proposed changes may impact ownership, security, operational, and tax positions. "This process should be carried out in coordination with an owner's wider advisory team to ensure the proposed change is workable in practice as well as principle."

Without input from the right experts, Sir Jorge says, owners can overlook critical factors that affect ownership structure, financing eligibility, insurance coverage, tax compliance, and day-to-day operations.

"What may appear to be a straightforward administrative choice can quickly become complex, leading to delays or the need to restructure later," he concludes. "The most effective outcomes come from a coordinated approach, where legal, financing, and operational perspectives are aligned from the outset."

**More information from:**

Bermuda Civil Aviation Authority: [www.bcaa.bm](http://www.bcaa.bm)

Jaffa & Co: <https://jaffa-co.com>

The Registry of Aruba: <https://theregistryofaruba.com>