



Cyprus Tax News

Amendments to the Merchant Shipping (Fees and Taxing Provisions) Law of 2010

Following the approval of the European Commission (DG Comp) for the renewal of the special mode of taxation of maritime activities, known as tonnage tax, the House of Representatives voted on 15 April 2020 amendments to the Merchant Shipping (Fees and Taxing Provisions), as those were agreed with the European Commission, which were published in the Official Gazette of the Republic on 16 April 2020.

The amendments are summarised below.

Definition of 'Eligible Ship'

Cable laying vessels, pipeline laying ships, research vessels, mobile offshore extraction platforms, offshore oil and gas support vessels, multi-purpose support ships, break-bulk support ships and other types of support vessels, cruise ships, commercial yachts, accommodation ships for offshore workers have been added amongst others to the definition.

In addition certain types of ships have specifically been stated not to be eligible, such as floating storage units which are not used for maritime transport.

Amendment of the Definition of 'maritime transport'

The new definition contains conditions for the auxiliary activities to qualify for tonnage tax. On the basis of these conditions, auxiliary activities will be subject to tonnage tax, provided that the revenues therefrom will not exceed fifty per cent (50%) of the activities of the total gross revenue from the operation of each eligible vessel under tonnage tax by an eligible ship-owner or eligible charterer in maritime transport.

At the same time, the exhaustive reference to specific activities of the pre-existing law has been deleted, while at the same time they are listed in the definition other activities not previously included.

Restrictions on bareboat chartering

Restrictions have been introduced under which income from bareboat chartering will be subject to tonnage tax only if the charterer is part of the same group of companies as the ship-owner, the chartering period does not exceed three years and the ship-owner is not himself able to use the ships in question in maritime transport.

Taxation of crew members

The tax exemption has been extended to the employment income of masters, officers and crew members of Community flag eligible ships.

We are at your disposal to discuss the above developments.



Get in touch

Nicosia Offices infonicosia@deloitte.com tel: +357 22 360300

Limassol Offices infolimassol@deloitte.com tel: +357 25 868686



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2020 Deloitte Limited

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.