



Owners

	CY Flag Vessel	EU Flag Vessel	Mixed Fleet
Qualification criteria	Qualifying vessel Qualifying activity	Qualifying vessel Qualifying activity	Qualifying vessel Qualifying activity Non Community vessels should comply with relevant international standards and Community Law requirements relating to maritime security, safety, training and certification of seafarers, environmental performance and on board working conditions.
Applicable tax regime	Tonnage tax with no election option	Corporation tax with election for tonnage tax	Corporation tax with election for tonnage tax
Election criteria and conditions to be fulfilled to remain in the tonnage tax system (in addition to qualification criteria above)	N/A	No criteria need to be fulfilled	At least 60% of the fleet in terms of tonnage should be Community ships. If Community ships less than 60% • a share of the fleet should comprise of Community ships • the Community share should remain unchanged or increase • within a period of 3 years from the election date • the commercial and strategic management of the fleet must be carried out from the EU/EEA. If Community share has decreased may remain in the system if Cyprus' Community flag share has not decreased, but tonnage tax for all non Community flag vessels will increase by 10%.
Period they have to stay in the tonnage tax system	N/A	10 Years In case of withdrawal a penalty equal to the difference between the amount paid during the period under tonnage tax system and the amount that would have been paid if had been subject to corporation tax is payable.	10 Years In case of withdrawal a penalty equal to the difference between the amount paid during the period under tonnage tax system and the amount that would have been paid if had been subject to corporation tax is payable.
Tonnage tax rates for every 100 units of net tonnage	0 – 1000 € 36.50 1001 – 10000 € 31.03 10001 – 25000 € 20.08 25001 – 40000 € 12.78 40001 + € 7.30	0 – 1000 € 36.50 1001 – 10000 € 31.03 10001 – 25000 € 20.08 25001 – 40000 € 12.78 40001 + € 7.30	0 – 1000 € 36.50 1001 – 10000 € 31.03 10001 – 25000 € 20.08 25001 – 40000 € 12.78 40001 + € 7.30
Additional tonnage tax for Paris MOU Gray and Black Lists	N/A	Gray list increase by 30% Black List increase by 60%	Gray list increase by 30% Black List increase by 60%
Income liable to tonnage tax and exempt from corporation tax/defence contribution	Profits from exploitation of a qualifying ship in a qualifying shipping activity. Profits from disposal of a qualifying ship and/or the shares of a shipowing company. Dividends paid directly or indirectly out of shipping profits including profit from disposal of ships. Interest on funds used as working capital or for the financing/ operation/ maintenance of a qualifying ship.	Profits from exploitation of a qualifying ship in a qualifying shipping activity. Profits from disposal of a qualifying ship and/or the shares of a shipowing company. Dividends paid directly or indirectly out of shipping profits including profit from disposal of ships. Interest on funds used as working capital or for the financing/ operation/ maintenance of a qualifying ship.	Profits from exploitation of a qualifying ship in a qualifying shipping activity. Profits from disposal of a qualifying ship and/or the shares of a shipowing company. Dividends paid directly or indirectly out of shipping profits including profit from disposal of ships. Interest on funds used as working capital or for the financing/ operation/ maintenance of a qualifying ship.

Managers

	Crewing	Technical	Crewing & Technical
Qualification criteria	Legal person Qualifying vessel Qualifying services Fully fledged office in Cyprus At least 51% of the persons employed ashore must be citizens of the EU. All the ships and crews under management must comply with relevant international standards and Community Law requirements relating to maritime security, safety, training and certification of seafarers, environmental performance and on board working conditions.	Legal person Qualifying vessel Qualifying services Fully fledged office in Cyprus At least 51% of the persons employed ashore must be citizens of the EU. All the ships and crews under management must comply with relevant international standards and Community Law requirements relating to maritime security, safety, training and certification of seafarers, environmental performance and on board working conditions.	Legal person Qualifying vessel Qualifying services Fully fledged office in Cyprus At least 51% of the persons employed ashore must be citizens of the EU. All the ships and crews under management must comply with relevant international standards and Community Law requirements relating to maritime security, safety, training and certification of seafarers, environmental performance and on board working conditions.
Qualified services	• Selecting and engaging the ship's crew including payroll arrangements and insurance for the crew. • Ensuring that the applicable laws in respect of manning levels, rank, qualifications and certification of the crew and the employment regulations including crew's tax discipline and other requirements are satisfied. • Ensuring that all members of the crew have passed a medical examination certifying that they are fit and are in possession of valid medical certificates • Arranging for transportation of the crew • Training of the crew and supervising their efficiency • Other relevant functions usually performed by shipmanagers under the BIMCO standard shipmanagement agreement.	• Providing competent personnel to supervise the maintenance and general efficiency of the ship • Arranging and supervising of dry dockings, repairs, alterations and the up keeping of the ship to the standards required by the Law of the flag and/or the places the ship trades and/or the requirements and recommendations of its classification society • Arranging the supply of necessary stores, spares and lubricating oil. • Other relevant functions performed by shipmanagers under the BIMCO standard shipmanagement agreement.	Refer to crewing and technical columns
Applicable tax regime	Corporation tax with election for tonnage tax	Corporation tax with election for tonnage tax	Corporation tax with election for tonnage tax
Election criteria and conditions to be fulfilled to remain in the tonnage tax system (in addition to qualification criteria above)	• Employ at least 5 persons including one skilled crew manager if managing up to 10 ships and at least 10 persons including two skilled crew managers if managing more than 10 ships • 2/3 of the total ships under management must be managed from within EU • At least 60% of the fleet managed in terms of tonnage should be Community ships If Community ships less than 60% - a share of the fleet should comprise of Community ships - the Community share should remain unchanged or increase within a period of three years from the election date.	• Employ at least 5 persons including one skilled crew manager if managing up to 10 ships and at least 10 persons including two skilled crew managers if managing more than 10 ships • 2/3 of the total ships under management must be managed from within EU • At least 60% of the fleet managed in terms of tonnage should be Community ships If Community ships less than 60% - a share of the fleet should comprise of Community ships - the Community share should remain unchanged or increase within a period of three years from the election date.	• Employ at least 5 persons including one qualified marine engineer and one skilled crew manager if managing up to 10 ships and at least 10 persons including two qualified marine engineers and one skilled crew manager if managing more than 10 ships • 2/3 of the total ships under management must be managed from within EU • At least 60% of the fleet managed in terms of tonnage should be Community ships If Community ships less than 60% - a share of the fleet should comprise of Community ships - the Community share should remain unchanged or increase within a period of three years from the election date.

	Crewing	Technical	Crewing & Technical																														
	If Community share has decreased may remain in the system if Cyprus' Community share has not decreased, but tonnage tax for all non Community flag vessels will increase by 10%. • Must ensure implementation of the Maritime Labour Convention concerning seafarers employment agreements, caompensation in the case of ships loss or foundering, provision of medical care, shipowner's liability including payment of wages in case of accident or sickness and repatriation for all ships under management. • In case the owner's liability to cover claims of contractual compensations for death or long term disability of seafarers due to occupational injury, illness or hazard is not secured by the shipowner the manager has to provide it. • Ensure that the international standards regarding hours of work and hours of rest are fully complied with. • Conclude appropriate private contractual arrangements with the shipowner and reflect those in the seafarers' employment contracts expressly providing for compliance with the obligation mentioned above. • Submit at the beginning of each year a written declaration to the Director of the Merchant Shipping Department confirming that the contractual arrangements as described above have been concluded or will be concluded for all ships under management.	If Community share has decreased may remain in the system if Cyprus' Community share has not decreased, but tonnage tax for all non Community flag vessels will increase by 10%. • Must be certified under the ISM Code by the competent authority of the flag of the States of the ships under management. • Must be mentioned as the management company on therelevant safety Management • Certificates of the ships under management.	If Community share has decreased may remain in the system if Cyprus' Community share has not decreased, but tonnage tax for all non Community flag vessels will increase by 10%. • Must ensure implementation of the Maritime Labour Convention concerning seafarers employment agreements, compensation in the case of ships loss or foundering, provision of medical care shipowner's liability including payment of wages in case of accident or sickness and repatriation for all ships under management. • In case the owner's liability to cover claims of contractual compensations for death or long term disability of seafarers due to occupational injury, illness or hazard is not secured by the shipowner the manager has to provide it. • Ensure that the international standards regarding hours of work and hours of rest are fully complied with. • Conclude appropriate private contractual arrangements with the shipowner and reflect those in the seafarers' employment contracts expressly providing for compliance with the obligation mentioned above. • Submit at the beginning of each year a written declaration to the Director of the Merchant Shipping Department confirming that the contractual arrangements as described above have been concluded or will be concluded for all ships under management. • Must be certified under the ISM Code by the competent authority of the flag of the States of the ships under management. • Must be mentioned as the management company on the relevant safety Management Certificates of the ships under management.																														
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Tonnage tax rates for every 400 units of net tonnage	<table><tr><td>0 – 1000</td><td>€ 36.50</td></tr><tr><td>1001 – 10000</td><td>€ 31.03</td></tr><tr><td>10001 – 25000</td><td>€ 20.08</td></tr><tr><td>25001 – 40000</td><td>€ 12.78</td></tr><tr><td>40001 +</td><td>€ 7.30</td></tr></table>	0 – 1000	€ 36.50	1001 – 10000	€ 31.03	10001 – 25000	€ 20.08	25001 – 40000	€ 12.78	40001 +	€ 7.30	<table><tr><td>0 – 1000</td><td>€ 36.50</td></tr><tr><td>1001 – 10000</td><td>€ 31.03</td></tr><tr><td>10001 – 25000</td><td>€ 20.08</td></tr><tr><td>25001 – 40000</td><td>€ 12.78</td></tr><tr><td>40001 +</td><td>€ 7.30</td></tr></table>	0 – 1000	€ 36.50	1001 – 10000	€ 31.03	10001 – 25000	€ 20.08	25001 – 40000	€ 12.78	40001 +	€ 7.30	<table><tr><td>0 – 1000</td><td>€ 36.50</td></tr><tr><td>1001 – 10000</td><td>€ 31.03</td></tr><tr><td>10001 – 25000</td><td>€ 20.08</td></tr><tr><td>25001 – 40000</td><td>€ 12.78</td></tr><tr><td>40001 +</td><td>€ 7.30</td></tr></table>	0 – 1000	€ 36.50	1001 – 10000	€ 31.03	10001 – 25000	€ 20.08	25001 – 40000	€ 12.78	40001 +	€ 7.30
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Income liable to tonnage tax and exempt from corporation tax/defence contribution	Profits from rendering crewing shipmanagement services to any qualifying ship. Dividend paid directly or indirectly out of the rendering of crewing shipmanagement services. Interest on funds used as working capital or for the payment of expenses relevant to the management of the ships.	Profits from rendering technical shipmanagement services to any qualifying ship. Dividend paid directly or indirectly out of the rendering of technical shipmanagement services. Interest on funds used as working capital or for the payment of expenses relevant to the management of the ships.	Profits from rendering crewing and/or technical shipmanagement services to any qualifying ship. Dividend paid directly or indirectly out of the rendering of crewing and/or technical shipmanagement services. Interest on funds used as working capital or for the payment of expenses relevant to the management of the ships.																														

Charterers

	CY Flag Vessel	EU Flag Vessel	Mixed Fleet
Qualification criteria	Legal person Qualifying vessel Qualifying activity	Legal person Qualifying vessel Qualifying activity	Legal person Qualifying vessel Qualifying activity Non Community vessels should comply with relevant international standards and Community Law requirements relating to maritime security, safety, training and certification of seafarers, environmental performance and on board working conditions.
Applicable tax regime	Corporation tax with election for tonnage tax	Corporation tax with election for tonnage tax	Corporation tax with election for tonnage tax
Election criteria and conditions to be fulfilled to remain in the tonnage tax system (in addition to qualification criteria above).			At least 60% of the fleet in terms of tonnage should be Community ships. If Community ships less than 60% • a share of the fleet should comprise of Community ships • the Community share should remain unchanged or increase within a period of 3 years from the election date. If Community share has decreased may remain in the system if Cyprus' Community flag share has not decreased, but tonnage tax for all non Community flag vessels will increase by 10%.
	The total net tonnage of ships chartered under time charter or voyage charter or on a contract of affreightment may not exceed for more than 3 consecutive periods 75% of the total net tonnage of all ships chartered (including bareboat charter) and owned.	The total net tonnage of ships chartered under time charter or voyage charter or on a contract of affreightment may not exceed for more than 3 consecutive periods 75% of the total net tonnage of all ships chartered (including bareboat charter) and owned.	The total net tonnage of ships chartered under time charter or voyage charter or on a contract of affreightment may not exceed for more than 3 consecutive periods 75% of the total net tonnage of all ships chartered (including bareboat charter) and owned.
	The total net tonnage of ships chartered under time or voyage charter or on a contract of affreightment may be higher than 75% but may not exceed for more than 3 consecutive periods 90% of the total net tonnage of all ships chartered (including bareboat charter) and owned provided that every ship chartered	The total net tonnage of ships chartered under time or voyage charter or on a contract of affreightment may be higher than 75% but may not exceed for more than 3 consecutive periods 90% of the total net tonnage of all ships chartered (including bareboat charter) and owned provided that every ship chartered	The total net tonnage of ships chartered under time or voyage charter or on a contract of affreightment may be higher than 75% but may not exceed for more than 3 consecutive periods 90% of the total net tonnage of all ships chartered (including bareboat charter) and owned provided that every ship chartered
	• is registered in the Register of a EU Member State or • its crew and technical management is carried out from the territory of a Member State.	• is registered in the Register of a EU Member State or • its crew and technical management is carried out from the territory of a Member State.	• is registered in the Register of a EU Member State or • its crew and technical management is carried out from the territory of a Member State Charterers.

	CY Flag Vessel		EU Flag Vessel		Mixed Fleet	
Period they have to stay in the tonnage tax system	10 years In case of withdrawal a penalty equal to the difference between the amount paid during the period under tonnage tax system and the amount that would have been paid if had been subject to corporation tax is payable.		10 years In case of withdrawal a penalty equal to the difference between the amount paid during the period under tonnage tax system and the amount that would have been paid if had been subject to corporation tax is payable.		10 years In case of withdrawal a penalty equal to the difference between the amount paid during the period under tonnage tax system and the amount that would have been paid if had been subject to corporation tax is payable.	
Tonnage tax rates for every 100 units of net tonnage	0 – 1000	€ 36.50	0 – 1000	€ 36.50	0 – 1000	€ 36.50
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Additional tonnage tax for Paris MOU Gray and Black Lists	N/A		Gray list increase by 30% Black List increase by 60%		Gray list increase by 30% Black List increase by 60%	
Income liable to tonnage tax and exempt from corporation tax/defence contribution	Profits from exploitation of a qualifying ship in a qualifying shipping activity. Dividends paid directly or indirectly out of shipping profits. Interest on funds used as working capital or for the payment of expenses arising out of the charter party.		Profits from exploitation of a qualifying ship in a qualifying shipping activity. Dividends paid directly or indirectly out of shipping profits. Interest on funds used as working capital or for the payment of expenses arising out of the charter party.		Profits from exploitation of a qualifying ship in a qualifying shipping activity. Dividends paid directly or indirectly out of shipping profits. Interest on funds used as working capital or for the payment of expenses arising out of the charter party.	

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