

## Shipping & Transport - Cyprus

### Department updates list of countries subject to tonnage tax surcharge

Contributed by **Andreas Neocleous & Co LLC**

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In order to promote its objective of improving the quality of Cyprus shipping, the Merchant Shipping (Fees and Taxing Provisions) Law (44(I)/2010) imposes a surcharge on the tonnage tax payable in respect of qualifying vessels registered in countries that appear in the grey list or blacklist of the Paris Memorandum of Understanding on Port State Control.

Under Sections 17(2), 27(2) and 40(2) of the law, owners, charterers or managers must pay a surcharge of 30% for ships registered in countries appearing in the grey list and 60% for ships registered in countries appearing in the blacklist.

On the basis of the relevant tables contained in the annual report of the memorandum for 2012, the Department of Merchant Shipping recently issued its list of the flags included in the grey list or the blacklist for the purposes of calculating tonnage tax for 2013.<sup>(1)</sup>

Section 34(4) of the law provides that ships under management flying a flag that appears in the blacklist will qualify for the tonnage tax system only if the technical and crew management of every such ship is entirely performed from the territory of an EU member state. In the event of a breach of this requirement, Section 54 of the law empowers the department to impose penalties, including administrative fines and exclusion from the tonnage tax system.

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#### Endnotes

<sup>(1)</sup> The grey list includes Algeria, Belize, Bulgaria, Curacao, Egypt, India, Jamaica, Kazakhstan, Malaysia, Mongolia, Morocco, Saudi Arabia, St Vincent and the Grenadines, Slovakia, Switzerland, Syria, Tunisia, Tuvalu, Ukraine and Vietnam.

The blacklist includes Albania, Azerbaijan, Bolivia, Cambodia, Comoros, Dominica, Georgia, Honduras, Lebanon, Libya, Moldova, Montenegro, Sierra Leone, St Kitts and Nevis, Tanzania and Togo.

For the 2012 lists, please see "Department issues list of flags subject to tonnage tax surcharge".

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