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Tonnage tax: countries whose ships are subject to surcharge



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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 of 2010⁽¹⁾ imposes a surcharge on the tonnage tax payable regarding qualifying vessels registered in countries which appear on the 'grey list' or 'black list' of the Paris Memorandum of Understanding (MOU). Sections 17(2), 27(2) and 40(2) respectively provide for a surcharge payable by owners, charterers or managers of 30% for ships registered in countries appearing on the grey list and 60% for ships registered in countries appearing on the black list.

On the basis of the annual report of the Paris MOU for 2014, the Department of Merchant Shipping has determined that the flags listed below are included in the relevant grey or black list for the purposes of calculating tonnage tax for 2015.

Grey List (30% surcharge)		Black List (60% surcharge)
Albania	Poland	Azerbaijan
Algeria	Portugal	Belize
Bulgaria	Slovakia	Bolivia
Curacao	Spain	Cambodia
Egypt	St Kitts and Nevis	Comoros
Georgia	Syrian Arab Republic	Dominica
Jamaica	Thailand	Honduras
Lebanon	Tunisia	Moldova
Libya	Tuvalu	Montenegro
Lithuania	Ukraine	Sierra Leone
Malaysia	Vanuatu	St Vincent and the Grenadines
Mongolia	Vietnam	Tanzania
Morocco		Togo

Section 34(4) provides that ships under management flying a flag on the black list of the Paris MOU will be deemed to comply with international and EU standards and consequently qualify for the tonnage tax system only if the technical and crew management of every such ship is performed entirely from the territory of an EU member state. In the event of breach of this requirement, Section 54 empowers the Department of Merchant Shipping to impose sanctions, including administrative fines and exclusion from the tonnage tax system.

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(1) Law 44(I)/2010

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