

Shipping & Transport - Cyprus

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 in respect of 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 2013, the Department of Merchant Shipping has determined that the countries listed below are included on the relevant grey or black list for the purposes of calculating tonnage tax for 2014.

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

Section 34(4) provides that ships under management flying a flag which appears in the black list of the Paris MOU will 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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Endnotes

⁽¹⁾ Law 44(I)/2010.

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