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Tonnage tax for 2016: 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). Article 17(2) provides for a surcharge payable by owners of 30% for ships registered in countries appearing on the grey list and 60% for ships registered in countries appearing on the black list. Articles 27(2) and 40(2) provide that the corresponding surcharges are payable by charterers and managers, respectively.

On the basis of the annual report of the Paris MOU for 2015, 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 2016.

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

Article 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 a breach of this requirement, Section 54 empowers the Department of Merchant Shipping to impose penalties, including administrative fines and exclusion from the tonnage tax system.

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Endnotes

(1) Law 44(I)/2010.

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