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## Tonnage tax for 2016: countries whose ships are subject to surcharge



November 30 2016 | Contributed by Andreas Neocleous & Co LLC

### Shipping & Transport, Cyprus

In order to promote its objective of improving the quality of Cyprus shipping, the Merchant Shipping (Fees and Taxing Provisions) Law of 2010<sup>(1)</sup> 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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