



REPUBLIC OF CYPRUS
MINISTRY OF
COMMUNICATIONS AND WORKS



DEPARTMENT
OF MERCHANT SHIPPING
LEMESOS

Circular No. 31/2010

TEN 12.3.01.36
TEN 5.13.09

13 October 2010

- To all Owners of Ships under Foreign Flag, Charterers, and Ship Managers operating in the Republic of Cyprus.
- To all Members of the Cyprus Shipping Chamber c/o CSC
- To all Members of the Cyprus Union of Shipowners c/o CUS

Subject: Tonnage Tax System - Preparatory Work for the Smooth Implementation of the Merchant Shipping (Fees and Taxing Provisions) Law of 2010 (Law 44(I)/2010)

1. I refer to the above subject and further to my Circular No. 14/2010, I wish to inform you that the Department of Merchant Shipping (DMS) is in the process of preparing an Electronic Tonnage Tax System (eTTS) for the submission of the Application to enter the Tonnage Tax System (TTS) and for the submission of the Tax Declaration Form for every fiscal year electronically.

2. In view of the DMS preparatory work for the smooth implementation of Law 44(I)/2010, qualifying Owners of Ships under Foreign Flag, qualifying Charterers, and qualifying Ship Managers operating in the Republic of Cyprus, are kindly requested to express their preliminary interest to be taxed under the new Tonnage Tax System.

Attached you may find a special Form requesting general information from each interested qualifying company. On the basis of the information provided, the DMS will create in the eTTS an account for each company and will provide that company with its access details (log-in name and password), which will be used as soon as the eTTS is completed and activated.

Companies which are part of a **Group of companies** - **provided, all are tax residents in the Republic of Cyprus** – **must** indicate the holding (parent) company and other subsidiary qualifying companies in the Group, when completing the attached Form (in accordance with section 46 of the Law: «*All or nothing*» option). A separate Form has to be completed for each company.

The “All or nothing” option of section 46 of the Law will be exercised and implemented on a **sectoral approach basis**: therefore, the rule will apply to subsidiaries performing qualifying activities (shipowners, charterers or shipmanagers as the case may be) such as those performed by the company who first opted for the tonnage tax system: for instance, eg. qualifying ship managers must indicate on the attached Form, only all the companies of their Group that are also qualifying ship managers.

Kindly note, that the submission of the attached Form is just an indication that the company is intending to opt to be taxed under the TTS and is therefore not binding.

3. An official Application to enter the TTS has to be submitted to the DMS according to the procedure and relevant provisions of Law 44(I)/2010. Such procedure and time frames shall be specified in a new DMS Circular to be issued in the coming weeks.

Serghios S. Serghiou
Director
Department of Merchant Shipping

Cc: - Permanent Secretary, Ministry of Communications and Works
- Permanent Secretary, Ministry of Finance
- Permanent Secretary, Ministry of Foreign Affairs
- Maritime Offices of the Department of Merchant Shipping abroad
- Diplomatic Missions and Honorary Consular Officers of the Republic
- Commissioner for State Aid Control
- Director, Department of Inland Revenue
- Director General, Cyprus Investment Promotion Agency (CIPA)
- Cyprus Bar Association
- Institute of Certified Public Accountants of Cyprus

EP/

**PRELIMINARY INTEREST TO BE TAXED UNDER THE NEW CYPRUS
TONNAGE TAX SYSTEM**

(Form to be completed by interested companies, tax residents in Cyprus, pursuant to
DMS Circular No. 31 /2010)

1. NAME OF COMPANY

2. TIC No.

3. IMO No.

4. TYPE OF QUALIFYING SHIPPING ACTIVITY (tick \checkmark as appropriate only one box)

OWNER OF FOREIGN VESSELS

CHARTERER

SHIP MANAGER

5. ADDRESS

STREET

TOWN / VILLAGE

POST CODE

P.O.BOX

POST CODE

TOWN / VILLAGE

6. CONTACT DETAILS

NAME

POSITION

E-MAIL

TEL

FAX

7. IF PART OF A GROUP OF COMPANIES

NAME OF GROUP

IMO No.

TAX RESIDENT IN CYPRUS? YES / NO

IF YES, TIC No.

OTHER COMPANIES BELONGING TO THE SAME GROUP:

NAME	TAX RESIDENT IN CYPRUS? YES / NO	TIC No.	TYPE OF ACTIVITY (OWNER OF FOREIGN VESSELS /CHARTERER/ SHIP MANAGER)