



REPUBLIC OF CYPRUS
MINISTRY OF
COMMUNICATIONS AND WORKS



DEPARTMENT
OF MERCHANT SHIPPING
LEMESOS

Circular No 44/2012

TEN 5.13.09
TEN 13.31.10

To all Registered owners, Registered bareboat charterers,
Managers and Representatives
of ships flying the Cyprus Flag

5 September 2012

Subject: Cyprus Tonnage Tax System (Law 44(I)/2010)
Taxation of Owners of Yachts/ Pleasure Craft registered in the Register of Cyprus Ships

I refer to the above subject and further to my Circular No. 14/2010 I wish to inform you that in November 2011, letters (hereinafter referred to as "the letters") were sent by the Department of Merchant Shipping to all the owners of Cyprus ships who were not deemed to be qualifying owners within the scope of the Merchant Shipping (Fees and Taxing Provisions) Law of 2010 (Law 44(I)/2010) (hereinafter referred to as "the Law").

Based on these letters, the said non-qualifying owners were notified that they are deemed to be non-qualifying owners and are not subject to tonnage tax by virtue of the provisions of the Law, but instead are liable to pay tax in accordance with the provisions of the Income Tax Law of 2002 (Law 118(I)/2002), as amended, and to submit accounts.

Notwithstanding the above, following consultation with the Inland Revenue, I wish to clarify that the owners of yachts/ pleasure craft, registered in the Cyprus Register of Ships will not be required to submit Income tax return to the Inland Revenue Department, even though they are deemed to be non-qualifying owners, provided that the only asset owned by these persons is the above yacht/ pleasure craft and provided, that it is not used for any other purpose, i.e. rented out or leased to any other person, but is only for the exclusive use/ recreational pleasure of the owner of the company.

However, if the said yacht/ pleasure craft is used either partially and/or exclusively for commercial purposes, the owner of such yacht/ pleasure craft will be required to submit income tax returns and tax computation to the Inland Revenue Department and will be taxed accordingly.

Costas Costaras
Acting Director
Department of Merchant Shipping



cc.

- Permanent Secretary, Ministry of Communications and Works
- Permanent Secretary, Ministry of Foreign Affairs
- Permanent Secretary, Ministry of the Interior
- Permanent Secretary, Ministry of Finance
- Director, Department of Inland Revenue
- Maritime Offices of the Department of Merchant Shipping abroad
- Diplomatic Missions and Honorary Consular Officers of the Republic
- Cyprus Shipping Chamber
- Cyprus Union of Shipowners
- Cyprus Bar Association
- The Institute of Certified Public Accountants of Cyprus

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