



MINISTRY OF COMMUNICATIONS AND WORKS  
DEPARTMENT OF MERCHANT SHIPPING  
LEMESOS

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To all Owners, Managers  
and Representatives  
of Ships under the Cyprus Flag

**Subject: The Merchant Shipping (Registration of Ships, Sales and Mortgages) (Amendment) Law of 2005 (Law 108 (I)/2005): Further alignment with the Community acquis and other improvements**

1. I wish to inform you that, the *Merchant Shipping (Registration of Ships, Sales and Mortgages) (Amendment) Law of 2005 (Law 108(I)/2005)* (hereafter referred to as “*the Amendment Law*”), which amends the *Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws of 1963 to 2004* ( hereafter referred to as “*the principal Law*”), was recently enacted for the purpose of further alignment with the Community acquis and for improvements on various ship registration aspects .

The Amendment Law was published in Greek, in the Official Gazette of the Republic No. 4019, Supplement I(I), dated 29.7.2005.

2. A consolidated version in the English language of the full text of the *Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws of 1963 to 2005* as currently in force, which includes these recent amendments, is now available in Acrobat Reader version at our Website : <http://www.shipping.gov.cy> (see Legislation / Consolidated Cyprus Shipping Legislation ( Full Text )).

3. The main amendments effected by the Amendment Law are the following:

- For the sake of legal clarity, the following new definitions are added in section 2 of the principal Law :

“*Community shipmanagement company*”,

“*European Economic Area*”,

“*foreign register*”,

“*foreign ship*”

- Section 5 (1)(b) (i) of the principal Law which deals with the ownership conditions for ships entitled to be registered as Cyprus ships in the name of Cypriot legal entities i.e. “ *corporations, which have been established and operate in accordance with the laws of the Republic and have their registered office in the Republic* ” has been amended, so that it is now made possible to register such ships in the Cyprus Register, in the ownership of partnerships.
- Section 5 (1)(b) (ii) of the principal Law which deals with the ownership conditions for ships entitled to be registered as Cyprus ships in the name of EU/EEA corporations has been amended, so that it is now made possible to register in the Cyprus Register, such ships in the ownership of “ *corporations, which have been established and operate ..... in accordance with the laws of any other Member State and have their registered office, central administration or principal place of business within the European Economic Area.....* ”
- A new subsection (4) in section 5 has been added in the principal Law in order to interpret and clarify the term “controlled” . It is recalled that this term is contained in section 5 (1)(b) (iii) of the principal Law dealing with the ownership conditions for ships entitled to be registered as Cyprus ships in the name of “third countries” corporations i.e. with regard to “ *...corporations, which have been established and operate outside the territory of the Republic and outside the territory of any other Member State, which are controlled by Cypriot citizens or natural persons who are citizens of any other Member State ...* ” .

The term “controlled ” is now defined as :

“ (a) *more than fifty per cent (50%) of the shares of the corporation or corporations, are owned by Cypriot citizens or citizens of any other Member State, or*

*(b) the majority of the Directors of the corporation or corporations, are Cypriot citizens or citizens of any other Member State. ”*

- Section 5A of the principal Law which deals with the appointment of an authorised representative has been amended, so that the representative *may be a Cypriot citizen or a citizen of any other Member State who is resident in the Republic within the meaning of the Income Tax Laws of 2002 to 2004.*

It is recalled that under section 2 of the *Income Tax Laws of 2002-2004*, the expression “ *resident in the Republic* ” is defined, in the case of a natural person, as an individual who stays in the Republic for a period or periods exceeding in aggregate 183 days in the year of assessment. The presence of an individual in the Republic for part of a day is counted as one day .

- Section 6 of the principal Law is amended so that *ships having an overall length less than thirteen (13) metres, employed solely in navigation on the coast of the Republic or of the Sovereign Base Areas* are not eligible for registration under the said Law. Such vessels are subject to the recording procedure provided by the *Emergency Powers (Control of Small Vessels) Regulations, 1955. (Gazette No. 3893, Supplement III, dated 1.12.55, P.I. No. 740/55).*
- Section 9 of the principal Law, is amended so that it is now expressly provided that the document appointing an agent to make an application for registration of a ship on behalf of a corporation must be “ *duly executed in accordance with the laws under which the corporation has been established and operates.* ”
- Section 23 of the principal Law, is amended so that the power to issue a certificate of *provisional registration* is extended to the Registrar. The previous state of affairs allowed only the consular officers of the Republic to issue such a certificate of provisional registration to a Cyprus ship.
- Section 47 (3) of the principal Law is amended, so that the time required to effect the change of the name of a ship is reduced from seven to three days.
- The Amendment Law adds four new sections in the principal Law, i.e. sections 54A , 54B, 54C and 54D establishing a precise procedure and requirements for the *deletion* of ships from the Register of Cyprus Ships .
- Finally, the Amendment Law repeals section 67 of the principal Law which related to the *"managing owner" / "husband of the ship"*, considered in our days as obsolete in the international shipping practice. Consequently, the relevant document MS 10 for the appointment of the *"managing owner" / "husband of the ship"*, is no longer required in the ship registration procedure .

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Cc : - Permanent Secretary, Ministry of Communications and Works  
 - Maritime Offices of the Department of Merchant Shipping abroad  
 - Permanent Secretary, Ministry of Foreign Affairs  
 - Permanent Secretary, Planning Bureau  
 - Attorney General of the Republic  
 - Governor, Central Bank of Cyprus  
 - Registrar of Companies  
 - Office of the Coordinator for Harmonisation  
 - Diplomatic Missions and Honorary Consular Officers of the Republic  
 - Cyprus Shipping Council  
 - Cyprus Union of Shipowners  
 - Cyprus Association of Chartered Accountants  
 - Cyprus Bar Association