



REPUBLIC OF CYPRUS

MINISTRY OF  
COMMUNICATIONS AND WORKS



DEPARTMENT  
OF MERCHANT SHIPPING  
LEMESOS

Circular No. 2/2012

TEN 12.3.01.36

TEN 5.13.09

17 Ιανουαρίου 2012

Owners of Ships under Foreign Flag,  
Charterers and Ship Managers operating in the Republic of Cyprus

Members of the Cyprus Shipping Chamber c/o CSC

Members of the Cyprus Union of Shipowners c/o CUS

**Subject: Cyprus Tonnage Tax System (Law 44(I)/2010):  
Declaration for Taxation for the Fiscal Year 2011**

I refer to the above subject and further to my Circulars No. 14/2010, No. 28/2010, No. 32/2010, No. 39/2010, No. 42/2010, No. 1/2011, No. 8/2011, No. 13/2011 and No. 21/2011 respectively, I wish to inform you of the following:

**1. Tax Declaration**

Qualifying owners of foreign ships/ charterers/ ship managers who are tax residents in Cyprus and have been approved to be taxed under the Cyprus Tonnage Tax System are obliged, between the **1st January and 28th February 2012**, to submit to the Director, a Declaration for Taxation (the «Declaration») of the object of the tax and to pay the calculated amount according to the Declaration. The Declaration of the object of the tax is submitted to the Department in hard copy, duly signed and stamped and duly certified by an independent accountant. In addition, a copy of the Declaration should be submitted to the Department electronically, through the Department's website: [www.shipping.gov.cy](http://www.shipping.gov.cy) (e-TTS). The date of submission of the tax Declaration shall be the date on which the hard copy is received by the Department.

In case the Declaration of an owner of foreign ships or a charterer is not certified by an independent accountant, the Director may require the said person to produce supporting documents with regard to the Declaration.

The Declaration of ship managers must be signed by a duly authorised director of the qualifying ship manager and must always be certified by an independent accountant.

**2. Examination of the Declaration**

The Director examines the Declaration and -

- (a) either accepts the object of the tax mentioned in the Declaration and imposes the tax accordingly, or
- (b) does not accept the object of the tax, whenever he is of the opinion that the object of the tax of any person is reduced either by transactions which in the reasoned opinion



of the Director are artificial or fictitious, or by omissions. In such case, the Director may demand from the person, the submission of additional supporting documents within a timeframe of thirty (30) days. The Director, if not satisfied, may disregard any such transaction or omission and impose the applicable tax.

The imposition of the tax is made by a notice in writing and is served personally or sent by registered mail to the person, within one hundred and twenty (120) days from the date of the submission of the Declaration to the Director or from the date of submission of any requested additional supporting documents to the Director.

In case where the person has paid an amount less than what had been imposed as a result of subparagraph b) described above, then the person is obliged to pay the difference within sixty (60) days from the date the notice for the imposition of the tax was served. In case where the person has paid an amount in excess of what had been imposed, then the Director is obliged to refund the amount of tax paid in excess, within sixty (60) days from the date the notice for the imposition of the tax was served.

### 3. Interest for late payment

If the Declaration is not submitted or if the tax is not paid within the time limits prescribed above, interest shall be charged thereon at the rate of interest determined from time to time by an order of the Minister of Finance by virtue of the provisions of the *Uniform Public Interest of Late Payment Law of 2006 (Law 167(I)/2006)*.

The interest for late payment will be calculated on the uniform public interest rate of the year where payment of the tax is due for payment. That means that the interest for late payment of the tax for the fiscal year 2011 will be calculated on the uniform public interest determined for the year 2012.

The uniform public interest for late payment determined by the Minister of Finance for the year 2012 is 5,00% (P.I. 531/2011).

### 4. Objection to taxation

Every person who disputes the imposed tax, may apply, by notice of objection in writing, to the Director for the review and revision of same. The notice must state the grounds of the objection and must be submitted not later than thirty (30) days from the date the notice of imposition of the tax was served.

The Declaration for Taxation for 2011 (Form MS TT 2) is available on the Department's website [www.shipping.gov.cy](http://www.shipping.gov.cy).



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