



A thriving
Maritime Cluster

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The Cyprus Maritime Cluster

- More than 1,000 registered ocean-going vessels with 21 million gross tonnage are registered under the Cyprus flag
- Largest third-party Shipmanagement Centre in the EU
- Among the top three Shipmanagement Centres globally
- 3rd largest merchant fleet in the EU & among the largest merchant fleet worldwide
- Over 170 shipowning, shipmanagement, chartering and shipping related companies controlling a merchant fleet of 2,200 vessels with 56 million gross tonnage, while employing approximately 4,500 employees and 55,000 seafarers



Why Establish a Cyprus Presence

Cyprus is considered as one of the most reliable and competitive shipping centres in the world in terms of services, registration fees and taxes.

The Cyprus Maritime Cluster offers competitive advantages such as:

- EU-approved Tonnage Tax System (TTS)
- Competitive ship registration costs and fees
- No crew/officers nationality restrictions
- 28 Merchant Shipping Bilateral Agreements
- Signatory to all international maritime conventions on safety, security and pollution prevention
- Full protection for financiers and mortgagees
- White List of Paris and Tokyo MOUs

The Cyprus Tonnage Tax System (TTS)

Cyprus has an EU-approved regime with a wide and legally endorsed Tonnage Tax System (TTS), which was introduced with the Merchant Shipping Law in 2010, covering the three "maritime transport" activities: shipowning, shipmanagement, and chartering.

Owners of Cyprus flag ships fall automatically under the tonnage tax regime, whereas shipowners of foreign flag ships, charterers and shipmanagers may opt to be taxed under the Tonnage Tax System (TTS) under certain conditions.

The law provides full exemption to shipowners, charterers and shipmanagers (crew and/or technical) from corporation tax on actual profits arising out of qualifying activities and instead imposes tonnage tax on the net tonnage of vessels as per following rates:

Units of net tonnage	Shipowners & Charterers	Shipmanagers
	Tonnage tax per 100 units	Tonnage tax per 400 units
0 - 1.000	€36.50	€36.50
1.001 - 10.000	€31.03	€31.03
10.001 - 25.000	€20.08	€20.08
25.001 - 40.000	€12.78	€12.78
> 40.000	€7.30	€7.30

The tax regime covers **qualifying persons** performing **qualifying activities** in relation to **qualifying vessels**.

Qualifying persons are shipowners, charterers (bareboat, demise, time and voyage) and shipmanagers providing technical and/or crewing services.

Qualifying activity for shipowners and charterers means maritime transport of goods or passengers between Cyprus ports and foreign ports/offshore installations, or between foreign ports or offshore installations and specifically includes towage, dredging and cable laying.

Qualifying activity when applied to **shipmanagers** means services provided to a shipowner or bareboat charterer on the basis of written agreement in relation to crew and/or technical management.

Qualifying vessel is a sea-going vessel that:

- has been certified under the applicable international or national rules and regulations, and
- is registered in the register of a member country of the International Maritime Organization (IMO) and International Labour Organization (ILO)

Certain types of ships are excluded (e.g. fishing vessels, river vessels, yachts etc.)

Advantages of the Cyprus Tonnage Tax System (TTS):

- No tax on shipping profits made from qualifying shipping activities including profits from the sale of qualifying ships
- No tax on dividends paid out on profits made from qualifying shipping activities
- No tax on wages or benefits of seafarers on qualifying Cyprus flag ships

Cyprus' Shipping Sector offers wider industry benefits, which include:

- More than 60 Double Tax Avoidance Treaties
- No estate duty on the inheritance of shares in a shipowning company
- Efficient and reliable 24/7 services to the shipping industry
- Strong involvement in international shipping for a (IMO, ILO) and the EU
- Competitive investment funds legislation offering alternative funding solutions to shipping companies





Growth Drivers

The existence of world-class deepwater natural gas reserves in Cyprus' Exclusive Economic Zone (EEZ) is bringing new and exciting opportunities, which naturally the Shipping Sector activities will be closely connected to.

With the ongoing energy developments in the neighbouring countries, there are prospects for Cyprus to become an energy hub in the Eastern Mediterranean, used as a base for servicing the region. Increase in trade and enhancement of port infrastructure in the region is also expected to have a positive impact.

This has / will lead to:

- Increase in trade activity and private participation in port infrastructure development (e.g. Larnaca port)
- Rising cargo traffic
- Employment opportunities
- Development of terminals that deal with LNG (Liquified Natural Gas)

FDI Policy

The creation of an autonomous "Shipping Deputy Ministry to the President" is strong evidence that the Shipping Sector constitutes a main priority for the State.

The "Shipping Deputy Ministry to the President" has been designed to operate with innovative flexibility, to implement development strategies that meet the constantly evolving demands of international competition.

The government is committed to preserving and enhancing the competitive advantages of the Cyprus Maritime Cluster.

How to Register a Ship

A ship may be registered in Cyprus once it fulfils one of the following criteria:

- 1 More than 50% of the shares of the ship must be owned by Cypriot citizens or by citizens of Member States of the EU or of the European Economic Area. Those who are not permanent residents of the Republic will have to appoint an authorised representative in the Republic of Cyprus, or
- 2 100% of the shares of the ship must be owned by corporations, which operate in accordance with the laws of the Republic and have their registered office in the Republic of Cyprus, or they operate in accordance with the laws of any other EU or EEA Member State and have their registered office, central administration or principal place of business within the EEA or by corporations registered outside the EU or the EEA but controlled by Cypriot citizens or citizens of a Member State.

In both of the latter cases, they must have either appointed an authorised representative in Cyprus or the management of the ship must be entrusted in full to a Cypriot or Community shipmanagement company in Cyprus.

Yachts and other pleasure crafts may also be registered in Cyprus.

Infrastructure

- 2 deep-sea ports in Limassol & Larnaca
- Limassol Marina
- A number of marinas under development across the island (Larnaca, Ayia Napa, Paralimni, Paphos)
- Limassol Port Ship-repair Services
- Ship Finance

Safety Policy

Cyprus adopted a maritime safety policy, which focuses on the effective control of ships and the improvement of the quality of the country's merchant fleet.

Cyprus enacted an Anti-Piracy Law; a comprehensive and pioneer legislation for the protection of Cyprus ships from piracy and other unlawful acts, including a legal framework allowing and regulating the use of private armed security personnel in high-risk areas.

Maritime Labour Standards

One of the first countries to have ratified the Maritime Labour Convention 2006. The Convention adopts minimum requirement standards governing the overall maritime labour and ensures that there is a substantial commitment to the principles of decent working conditions of seafarers on board of ships and their fundamental rights.

Local Authorities

Cyprus' Maritime offices are located in Limassol (Cyprus), as well as Hamburg (Germany), New York (USA), London (UK), Piraeus (Greece), Rotterdam (Netherlands), and Brussels (Belgium).

The Cyprus Shipping Chamber is the trade association of the Shipping Industry in Cyprus. For more than 28 years, the Chamber acts as an influential body in local maritime affairs, while actively representing the interest of the entire major shipowning, shipmanagement, chartering and shipping related member companies both in Cyprus and abroad.





About Invest Cyprus

Businesses and individuals considering investment into Cyprus have a partner on the ground at all stages of the investment cycle. **Invest Cyprus** is the government's dedicated partner responsible for attracting and facilitating Foreign Direct Investment (FDI) in key economic sectors.

Being the lead agent in establishing Cyprus as a world-class investment destination, **Invest Cyprus** proactively promotes the enhancement of the country's competitive environment, advocating reform and maximising FDI, for the economic and social benefit of Cyprus. In close collaboration with all government authorities, public institutions and the private sector, **Invest Cyprus** is the investor's first point of contact.

Invest Cyprus is a member of the World Association of Investment Promotion Agencies (WAIPA) and the Mediterranean Investment Network, ANIMA.

Disclaimer: The information available in this guide intends to provide a general introduction to the business environment in Cyprus, and every reasonable effort is being made to ensure its accuracy and timely amendment. In no circumstances shall the Cyprus Investment Promotion Agency (CIPA) be legally bound as a result of any information contained in this guide. Updated information can be found at all times on the website of Cyprus Investment Promotion Agency, at www.investcyprus.org.cy



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