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Tonnage tax scheme extended until 31 December 2029



11 March 2020 | Contributed by Elias Neocleous & Co LLC



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The Shipping Deputy Ministry has issued Circular 1/2020 informing shipowners, charterers and ship managers that, following the formal assessment of the Cyprus tonnage tax scheme, the European Commission has concluded that Cyprus's relevant scheme is compatible with the internal market and in line with the Guidelines on State Aid to Maritime Transport.

In its decision, the European Commission concluded that the Cyprus tonnage tax and seafarer scheme is in line with EU state aid rules as it contributes to the competitiveness of the EU maritime sector and encourages ship registration in Europe, while simultaneously preserving Europe's high social, environmental and safety standards and ensuring a level playing field.

Accordingly, the Merchant Shipping (Fees and Taxing Provisions) Law 2010 (Law 44(I)/2010) will likely soon be amended to take into consideration the European Commission's decision. To this effect, a relevant bill has already been prepared and is expected to be enacted into law shortly by Parliament.

The amendment bill provides for, among other things, the extension of the validity period of the Merchant Shipping (Fees and Taxing Provisions) Law 2010 until 31 December 2029, as well as for certain amendments which were deemed necessary in order to conform with the European Commission's decision.

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