



REPUBLIC OF CYPRUS
SHIPPING DEPUTY MINISTRY
Office of the Permanent Secretary

Circular No. 15/2024

SDM 12.3.01.36.02
SDM 5.13.09

15 April 2024

To all Qualifying Owners of Cyprus Ships,
To all Qualifying Owners of Community Ships,

To all Members of the Cyprus Shipping Chamber (c/o Cyprus Shipping Chamber)
To all Members of the Cyprus Union of Shipowners (c/o Cyprus Union of Shipowners)

**Subject: Cyprus Tonnage Tax System (Law 44(I)/2010 as amended):
Reduction of tonnage tax as per environmental incentives-
The Tonnage Tax (Environmental Incentives) Order of 2024**

1. Sections 9(1) and 13(1) of Law 44(I)/2010, as amended by Law 39(I)/2020, provide for the reduction of tonnage tax up to 30% for the qualifying owners of Cyprus and Community ships that use mechanisms-equipment for the environmental preservation of the marine environment and the reduction of the effects of climate change.

2. The Council of Ministers has recently issued the new *Tonnage Tax (Environmental Incentives) Order of 2024* (hereinafter "the Order") prescribing the relevant eligibility criteria and the level of such reduction. The Order was published in the Official Gazette of the Republic (Gazette No. 5858 Supplement III(I), dated 23 February 2024, pages 402-404, P.I. 58/2024). The new Order entered into force on the 1st January 2024 and repeals the relevant previous Order of 2021, P.I. 42/2021.

The Order is in the Greek language however, an unofficial translation in the English language can be found on SDM's website www.shipping.gov.cy in the section Fees and Taxes/Tonnage Tax System or by following the direct link [here](#).

3. An explanatory Note describing the said Environmental Incentives is attached herewith.

4. Furthermore, with regard to the applicability of the said Environmental Incentives to Cyprus ships under the status of Parallel Registration (bareboat charter registration) the following is noted:

- In the case of ships of a foreign registry under the status of parallel registration in the Cyprus Register, the above mentioned environmental incentives are available to the bareboat charterer of a qualifying ship which is registered in parallel in the Special Book of Parallel Registration, provided that the relevant eligibility criteria prescribed in the Order are satisfied.
- In the case of Cyprus ships under the status of parallel registration in a foreign registry, the above mentioned environmental incentives will only be available to the owner of the ship in the case the foreign registry where the ship is registered is a



registry of a Member State of the European Union or any other contracting party to the European Economic Area Agreement and provided that the relevant eligibility criteria prescribed in the Order are satisfied.

5. Qualifying Owners of Cyprus ships and Community ships, are informed of the following procedure and practical arrangements to be followed when applying for the tonnage tax reduction as per Order P.I. 58/2024:

- i. The form MS TT 14-N-2024 must be submitted, duly completed, in June every year, to the following email addresses:
 - In the case of Cyprus ships at shipregistry@dms.gov.cy
 - In the case of Community ships at tts@dms.gov.cy
- ii. The SDM will assess the supporting documents and certificates submitted and will determine whether the qualifying Owner of Cyprus and Community ship(s) is entitled to the tonnage tax reduction and the extent of this reduction.
- iii. A refund of the Annual Tonnage Tax paid by the qualifying entity will be made accordingly.

6. The relevant Incentives shall apply **as from the 1st of January 2024** i.e. applications submitted as from 2024 for ships and their qualifying owners taxed with tonnage tax for the **fiscal year 2023** and thereafter.

7. The present Circular repeals Circular No. 8/2021 and Circular No. 36/2021.



Dr Stelios D. Himonas
Permanent Secretary

Cc:- Permanent Secretary, Ministry of Finance
- Permanent Secretary, Ministry of Foreign Affairs
- Maritime Offices of the Shipping Deputy Ministry abroad
- Diplomatic Missions and Honorary Consular Officers of the Republic
- Commissioner for State Aid Control
- Commissioner of Taxation, Tax Department
- Director General, Cyprus Investment Promotion Agency (CIPA)
- Cyprus Bar Association
- Institute of Certified Public Accountants of Cyprus

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