



NEWSLETTER

:: SHIPPING

February 2013

TAX ALERT - New Tax Legislation in Shipping

A. Tax on foreign flagged ships

Law 4110/2013, passed on 11 January 2013, imposed tonnage tax on foreign flagged vessels. Specifically:

Companies that are subject to the new tax

- Shipowning companies of non Greek flagged vessels that are being managed by companies having established an office in Greece under article 25 of law 27/1975.
- The shipmanaging companies are liable, together with the owning companies, for the payment of the tonnage tax.
- In case of joint shipmanagement, all shipmanagement companies are jointly liable.
- If the management is changed within a fiscal year, each shipmanaging company is liable for the period within which the ship remained under its management.
- In case of transfer of ownership of a vessel subject to tonnage tax as per the above, the Buyer is liable together with the Seller for any tonnage tax payable until the date of transfer, assuming the ship's management remains with a company having established an office in Greece under article 25 of Law 27/75. Therefore, in case of transfer of ownership of a vessel subject to tonnage tax as above, care should be taken by the Buyer to verify that any pending taxes have been paid, if shipmanagement will continue to be conducted within Greece.

Calculation of tax

The tonnage tax is calculated as per the formula applying to vessels registered under the Greek flag pursuant to article 13 of LD 2687/1953. The relevant formula in each circumstance will be the one in force the year preceding such tax becoming payable.

Any equivalent taxes or duties paid to the flag state are set off against the Greek tonnage tax.

Obligations of shipmanaging companies

Shipmanaging companies, having established an office in Greece under article 25 of law 27/75 must submit to the Vessels' Tax Authorities and to the Ministry of Mercantile Marine within the month of January of each year (or within one month after accepting a vessel's management) a list of all vessels under their management showing the vessels' name, flag, IMO number, international call sign and GRT and attaching certificates of registry.

Clarifications on tax exemptions

Law 4110/2013 did not only impose tonnage tax on foreign flagged vessels but it also clarified certain tax exemptions regarding distribution of dividend and the transfer of ownership of shares:

- The distribution of dividend of foreign shipowning companies, which are subject to tonnage tax as above, is exempted from any taxes. This exemption applies also if the dividend distribution is effected through holding companies, irrespective of the number of companies intervening between the shipowing entity and the beneficial shareholder.
- The transfer of ownership (sale or donation) of shares of Greek or foreign companies owning ships under Greek or foreign flag is exempted from transfer tax.
- The inheritance of ships over 1.500 GRT under Greek or foreign flag, or of shares of Greek or foreign companies owning such ships, is exempted from inheritance tax.

B. Levy on maritime companies having established an office in Greece under article 25 of law 27/75 (other than shipmanagement)

Law 4111/2013, passed on 14 January 2013, imposed a levy on all foreign maritime

companies that have established an office in Greece under article 25 of law 27/1975 whose activities are those provided by above legislation other than shipmanagement (i.e. exploitation, chartering, insurance, broking, average adjusting with regard to ships over 500 GRT).

The levy is imposed in USD on the amounts (foreign exchange or Euros) that are imported by these companies in Greece yearly in order to cover the operating expenses and any other payments incurred in Greece as per the provisions of above article 25 of law 27/1975, as follows:

For USD 200.000, levy of 10%

For additional 200.000, levy of 8%
For any amount over 400.000, levy of 6%

The levy is not imposed on any of the above companies if, irrespective and in addition to the activities mentioned above, they also have as activity the **shipmanagement** (as shown in the ministerial decision approving the establishment in Greece).

The levy is imposed for the years 2012 to 2015 (inclusive) as per a declaration submitted within February of each year to the respective tax authorities attaching bank certificates proving the import of the foreign exchange.

For restructuring purposes the Piraeus branch of “KYRIAKIDES GEORGOPOULOS & DANIOLOS ISSAIAS (KGDI) Law Firm” will operate onwards as an independent firm under the name “**DANIOLOS LAW FIRM**”. Due to the above separation, the name of the firm operating in Athens will be changed to “KYRIAKIDES GEORGOPOULOS Law Firm” as it was before its merger with “DANIOLOS ISSAIAS & PARTNERS”. The two firms will continue their long lasting business relationship in the form of a strategic alliance to service their common clients. The addresses, phone and fax numbers both for the Athens and Piraeus offices will remain the same (except for the e-mail addresses of “DANIOLOS LAW FIRM”). For any other changes we shall notify you in due course.

Contact

John Markianos-Daniolos
E-mail: j.markianos-daniolos@kgdi.gr
Tel: +30 210 413 8831

DANIOLOS LAW FIRM

Alassia Building,
13, Defteras Merarchias Str.,
185 35 Piraeus Greece
Tel: +30 210 4138800, +30 210 8226801
Fax: +30 210 4138809, +30 210 8217869
www.daniolos.gr

Disclaimer: This newsletter contains general information only and is not intended to provide specific legal, or other professional advice or services, nor is it suitable for such professional advice, and should not be used as a basis for any decision or action that may affect you or your business. Before making any decision or taking any action that may affect you or your business, you should consult a qualified professional advisor. We remain at your disposal should you require any further information or clarification in this regard.

© Daniolos Law Firm, 2013