

Ship Registration in Cyprus

When registering a ship in Cyprus it automatically obtains the European flag, which means freedom of movement of foreign currencies and no exchange control.

Advantages of registering a Ship in Cyprus

- **Cyprus applies the extremely beneficial, EU-approved tonnage tax regime.** The tax is charged on the basis of the tonnage and the age of the vessel, rather than on the income.
- **The wages of officers and the crew are exempt from income tax** – there are discounts on taxes when the crew and technical management of the ship are carried out by a ship management company registered in Cyprus or elsewhere in the EU.
- **The registration, establishment and operation costs are low and no capital gains tax on the sale or transfer** of a Cyprus-registered vessel or the share of a vessel-owning company.
- **The well-established legal infrastructure provides full protection for mortgagees and finance providers.** No stamp duty on ship mortgage deed or other security documents.

All matters relating to the registration of ships and the related transactions are governed by the Merchant Shipping (Registration of Ships, Sales and Mortgages) Law of 1963, as amended. Applications for the registration of ships and for the related transactions in the Register of Cyprus Ships or in the Special Book of Parallel Registration must be submitted to the Registrar of Cyprus Ships.

Under the Advocates Laws of Cyprus, only practising lawyers registered as in Cyprus are entitled to draft the necessary documents for the incorporation of Cyprus companies as well as to carry out all registry transactions. The lawyer must draft and submit the required documents, which include:

- ✓ the Declaration of Ownership,
- ✓ the Memorandum and Articles of Association of the Company and the Corporate certificates in case the owner is a company, or an identification document if the owner is a physical person,
- ✓ the Bill of Sales or Builder's Certificate.

Depending on each individual case, there might be a need to submit additional forms, such as ISPS, ISM, Registration Form of a Mobile Maritime Radio Station or a copy of Shore Based Maintenance Agreement, Registration of SAR Particulars or Confirmation of Classification Society.

The registration of ships and the related transactions are effected by the Registrar of Cyprus Ships. However, the provisional registration of ships and other transactions (other than the permanent and the bareboat charter registration) may be effected abroad by a consular officer of the Republic of Cyprus situated at any one of the Diplomatic or Consular Missions of the Republic of Cyprus.

The legislation requires the payment of the prescribed fees and taxes prior to the registration of a ship or other transaction in the Register of Cyprus Ships or in the Special Book of Parallel Registration.

Ownership Conditions

A ship may only be registered in the Register of Cyprus Ships if:

- ✓ more than 50% of the shares of the ship are owned:

by Cypriot citizens, or

by citizens of other Member States (EU/EEA) who in the instance of not being permanent residents of the Republic of Cyprus will have appointed an authorised representative in the Republic of Cyprus, or

- ✓ the total (100%) of the shares of the ship are owned by one or more corporations, which have been established and operate:

in accordance with the laws of the Republic of Cyprus and have their registered office in the Republic, or

in accordance with the laws of any other Member State (EU/EEA) and have their registered office, central administration or principal place of business within the European Economic Area and which will have either appointed an authorised representative in Cyprus or ensured that the management of the ship is entrusted in full to a Cypriot or a Community ship management company having its place of business in Cyprus, or

outside Cyprus or outside any other Member State (EU/EEA) but controlled by Cypriot citizens or citizens of Member States and have either appointed an authorised representative in Cyprus or ensured that the management of the ship is entrusted in full to a Cypriot or a Community ship management company having its place of business in Cyprus.

The corporation is deemed to be controlled by Cypriots or citizens of any other Member States when more than 50% of its shares are owned by Cypriots or citizens of any other Member States or when the majority of the Directors of the corporation are Cypriot citizens or citizens of any other Member State.

An authorised representative may be a Cypriot citizen or a citizen of any other Member State, who is resident in Cyprus, or a partnership/corporation/branch established in accordance with the laws of Cyprus, which has its place of business in Cyprus.

The most general practice of those wishing to register their ships under the Cyprus flag is to incorporate a company in Cyprus, which will either acquire the ship in its name, or bareboat charter the ship.

Government Policy on the registration of Ships under the Cyprus Flag

The Government Policy on the Registration of Ships under the Cyprus flag states the supplementary requirements/conditions for the ships registration which are deemed necessary for the attainment of safe, secure and efficient shipping on clean oceans and for the purpose of safeguarding the interests of the Cyprus ships and of their owners, bareboat charters, managers and operators.

The entry inspection and the additional inspections are carried out by the Surveyors of the Shipping Deputy Ministry at the expense of the registered owner or registered bareboat charterer, as the case may be.

Types of Registration for Cyprus Ships

There are three types of registration for Cyprus ships.

- ✓ The **'Provisional' registration** of Cyprus ships applies to ship registrations which last for 6 months. If necessary, the registration can be renewed once for a further 3 months.

- ✓ The **'Permanent' registration** which is most commonly used. The permanent registration of a provisionally registered ship must take effect within 6 months, or within 9 months in case the 3 months' extension is applied, from the date of the initial registration.
- ✓ The **'Parallel' or 'Bareboat' registration of ships** in Cyprus, which is distinguished in two subcategories:
 - (a) the Parallel-in registration offers the possibility to a foreign vessel on bareboat charter to a Cyprus Shipping company to be registered in parallel under the Cyprus flag for a period of usually 2 years; and
 - (b) the Parallel-out registration offers the possibility to owners of Cyprus vessels to bareboat charter them to a foreign person or company and to realize a parallel registration in a foreign register for the duration of the charter party.

Fees for Cyprus Ship Registration

In making a provisional registration of a ship in Cyprus, one is required to pay between €213.58 and €5,125.80, depending on the gross tonnage of the vessel. The rate per tonne is 50% higher for passengers' vessels, the minimum being €427.15.

No additional fee is payable in case of a permanent registration, as long as the registration takes place before the provisional registration expires.

Submission of Documents

The legislation provides that all documents which refer to Cyprus ships are admissible provided that they are drawn up in an official language of the Republic or in a language comprehensible to the competent officers of the Shipping Deputy Ministry. In fact, most of the documents are admissible in English.

N. Pirilides & Associates LLC is in a position to provide any shipping related service to ship-owners or Cyprus Shipping Companies.

You may contact our Firm for assistance in relation to the registration of a Ship in Cyprus and our team will be happy to assist you with anything you may require.

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