

## Greece introduces amendments to the taxation of ships

---

### EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

---

The Greek Government, through L. 4646/2019 (A' 201), has introduced amendments - among others - to the taxation of ships.

This Alert summarizes the key changes.

### Fishing vessels/tugboats with a Greek flag - Tax Duty as of 1 January 2020

- The provisions of article 57 impose a tax duty on all fishing vessels with a Greek flag, as well as tugboats (which operate in maritime transport/shipping services for a time period that does not exceed 50% of their total time of operation). Lifeboats fall out of the scope of the abovementioned tax duty, if they conduct merely rescue or recovery services.

### Calculation of the tax duty

- The tax duty imposed on tugboats is calculated based on their total horsepower, in accordance with the following scale:

Total boat horsepower (BHP)	Annual tax duty (€)
Up to 500	6,000
from 501 up to 1000	12,500
from 1001 up to 1500	19,500
from 1501 up to 2000	27,500
from 2001 up to 2500	36,500
from 2501 up to 3000	46,500
from 3001 up to 3500	57,500
from 3501 up to 4000	69,500
from 4001 up to 4500	82,500
from 4501 up to 5000	96,500
from 5001 and above	111,500

- The tax duty imposed on shipping vessels is calculated based on their total length, in accordance with the following scale:

#### Total length of the vessel

(in meters)	Annual tax duty (€)
Up to 6	100
from 6,01 up to 8	250
from 8,01 up to 10	475
from 10,01 up to 12	813
from 12,01 up to 15	1,319
from 15,01 up to 18	2,078
from 18,01 up to 24	3,217
from 24,01 up to 30	4,926
from 30,01 up to 36	7,489
from 36,01 up to 45	11,333
from 45,01 and above	17,100

- The tax duty is levied from the time of registration of the abovementioned vessels in a Greek port until the occurrence of an event that causes their removal from the relevant registry.

#### Persons and entities liable to pay the tax duty

The following persons or entities are liable to pay the tax duty:

- Shipowners or ship owning companies, which are registered in the corresponding vessel registry (irrespective of whether they are resident, domiciled or have their registered seat in Greece or in another state) or their legal representative,
- Any other person that manages the ship and earns freights.

The abovementioned persons and entities are jointly and severally liable to pay the tax duty.

#### Filing of returns and payment of the tax duty

- The people or entities liable to pay the tax duty, which are registered in the relevant registry on 31 December of the respective year, must file a return to the competent tax authority, in accordance to which the tax duty is determined. This return must be filed by the last working day of March. The payment of the tax duty must be completed in two installments within the year during which the return is filed (the first by the last working day of June and the second by the last working day of October).

#### Filing of annual declarations with ships' details

- Shipowners of tugboats, who are registered in the relevant vessel registry on 31 December of the respective year, are obliged to file a declaration accompanied with a list including the details of all owned tugboats. In this list they must indicate which of the tugboats are subject to the tax duty and which are not. The declaration and the list must be filed with the competent tax authorities by the end of February of the following year and in any case before the filing of the abovementioned return.
- If the person liable to pay the tax duty does not file this declaration or it is filed late or inaccurately, the provisions of the Greek Tax Procedure's Code apply.

#### Exhaustion of any further tax liability

- Upon the payment of the tax duty, any further tax liability (in relation to any contribution, tax, tax duty, or tax burden of any kind) for the abovementioned private individuals or legal entities is exhausted. They are only subject to the special solidarity contribution. Moreover, capital gains arising from the disposal of vessels, as well as any insurance claims or other sums received are also tax exempt.

- A joint ministerial decision of the Ministers of Finance of Maritime and of Agricultural Development, to be issued, will define the type and content of the aforementioned declaration, as well as any further issues relating to these amendments.

## Changes in the taxation of "category B" ships of L. 27/1975

- The newly enacted provisions amend article 12 of L. 27/1975. In particular, for the first time since 1997 the legislator has adjusted the tax rates applicable to "category B" ships with a Greek flag, as well to the article 26A of L. 27/1975 ships with a European Union (EU)/European Economic Area (EEA) flag other than the Greek (e.g., professional leisure boats, sailing boats with an EU/EEA flag, passenger and car-carrier ferries).

## Calculation of "category B" ships' tonnage tax

- The tax imposed on "category B" ships is calculated annually based on the ship's tonnage (GROSS) and is paid in € in accordance with the following scale:

Total register tons scale	Tax rate per register ton (€)	Scale tax (€)	Total register ton (GROSS)	Total annual tax (€)
20	0,90	18,00	20	18,00
30	1,05	31,50	50	49,50
50	1,14	57,00	100	106,50
For tons above 100	1,20	–	–	–

- A minimum tax amount equal to €200 is set, if the tax resulting from this scale is less.
- The tax resulting from the abovementioned formula is subsequently multiplied by the following coefficients (according to each vessel's type):

Type of vessel	Coefficient
Professional leisure boats and touristic sailing boats	5
Lay and maintenance vessels for cables, pipelines, marine research vessels, drilling and pumping vessels	1
Tugboats, lifeboats, navigators, firefighting boats and boats for the cleaning and decontamination of the sea	10
Tugboats operating in maritime transport/ shipping services for a time period that does not exceed 50% of their total time of operation	0
Dredgers, barges, crane ships	1
Supply ships, frigates, lightships, barges	1
Private leisure boats	5
Training boats and boats for scientific research	1
Passenger and cargo 'category b' ships	1
Fishing vessels	0

- The tax resulting in accordance to the above is subsequently decreased as follows:

Ships routed in scheduled destinations between Greek and foreign ports or merely between foreign ports	50%
Passenger ships (motor or sailing vessels - irrespective of their construction material)	60%

- Ships falling within the scope of more than one of these categories are entitled to reduction under one category only (at the most beneficial rate). Moreover, the tax imposed for the first or last year of the ship's exploitation or in the case of proven and complete suspension of operation due to maintenance work or the absence of work is correspondingly decreased in accordance to the number of exploitation days.

### Filling of returns and payment of the tax for "category B" ships

- Moreover, the provisions relating to the assessment and payment of the tax imposed on "type B" ships are also amended. Under the new provisions, the Greek tax authorities will levy tax annually according to the data available to them.
- The tax is paid in two installments, until the last working day of the second and fourth month following the issuance of the tax authorities' act imposing the tax. If this act is published during November or December or in a following year, a one-off payment of the tax takes place, until the last working day of the second month following the publication.
- The tax on private and professional leisure boats as well as tourist boats with a Greek flag is now imposed in accordance with the provisions of article 12 of L. 27/1975.

### The taxation of bareboat charterers and ship lessees

Article 25 of L. 27/1975, providing the legal framework for the establishment of offices and branches of foreign shipping companies in Greece, is amended. As a result, for tax years as of 1 January 2020, offices of foreign enterprises dealing with the representation of bareboat charterer or ship lessee companies now explicitly fall within the scope of the L. 27/1975 tonnage tax. In addition, two new articles (26B and 26C) are introduced to L. 27/1975, providing the following:

### Scope and subject matter of the newly enacted Article 26b of L. 27/1975

- The newly enacted article 26b explicitly extends the rights and obligations (arising from the exploitation of ships and their tax treatment under L. 27/1975) of the ship-owning companies subject to the tonnage tax and their shareholders or partners (up to the level of the private individual shareholder or partner) to bareboat charterer companies and ship lessees, as well as their ultimate shareholders (up to the level of the private individual shareholder).

Ship leasing companies are explicitly excluded from Article 26b.

### Scope and subject matter of the newly enacted Article 26c of L. 27/1975

- The newly enacted article 26c extends the rights of shipowners or shipowner companies and their ultimate shareholders or partners (up to the level of the private individual shareholder or partner), which arise from the exploitation of ships and their tax treatment under L. 27/1975, to bareboat charterer companies, ship lessee companies, companies owning the ship and their ultimate shareholders or partners (up to the level of the private individual shareholder or partner).

### Exhaustion of any further tax liability

- Payment of tonnage tax exhausts any further tax liability for the shipowner company, bareboat charterer company, ship lessee company or the company owning the ship with a foreign flag (which is managed/administered or exploited by a Greek resident company or by a foreign resident company established in Greece under Article 25 of L. 27/1975), with respect to any tax, tax duty, contribution or withholding for foreign-sourced income arising from the ship's exploitation.

### Calculation of tonnage tax

- The tonnage tax imposed on the aforementioned persons or entities that are subject to tonnage tax, as well as the corresponding decreases, are calculated in accordance with the same criteria, requirements, rates and scales as in the case of ship owning companies subject to tonnage tax under L. 27/1975. In the case of bareboat charters or ship lessees, the tonnage tax is also calculated according to the duration of the charter or lease.

## Persons and entities subject to tonnage tax

- As of 1 January 2020, the tonnage tax is imposed on the shipowners or ship owning companies or bareboat charterers or ship lessees or companies owning the ship with foreign flag, which are managed by Greek resident companies or foreign companies that are established in Greece in accordance to Article 25 of L. 27/1975.

### Joint liability with respect to the payment of tonnage tax

- The management companies are jointly liable for the payment of the tax, alongside the ship owning companies or the bareboat charterers, or the ship lessees that granted them the relevant management/administrative rights. If more than one company established in Greece (in accordance to the abovementioned provisions) manage the ship, they are all severally liable for the payment of the tax.

## Filling of returns and payment of the tax

- The provisions applying to the imposition of the tax on ships with a Greek flag, in relation to the filing of tax returns and the payment of the tax, apply in this case, as well.

## Tax exemption for dividends paid by holding companies

- Article 35 of L. 814/1978 is also amended by the newly enacted provisions of Article 26C of L. 27/1975. Therefore, the relevant tax exemptions now apply to bareboat charterer or ship lessee companies, as well, if the requirements of Article 35 are met.

## Foreign shipping companies' seat

- The provisions of L. 791/1978, regarding the criterion of the statutory (and not of the real) seat, apply in the case of bareboat charterers or ship lessees, as well. Therefore, the seat of these companies is defined by reference to their Articles of Association.

For additional information with respect to this Alert, please contact the following:

**Ernst & Young Business Advisory Solutions S.A., Head of Tax, Athens**

- Stephanos Mitsios      stefanos.mitsios@gr.ey.com

Ernst & Young Business Advisory Solutions S.A., International Tax and Transaction Services, Athens

- Evgenia Kousathana      [evgenia.kousathana@gr.ey.com](mailto:evgenia.kousathana@gr.ey.com)

#### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://ey.com).

© 2020 EYGM Limited.  
All Rights Reserved.

EYG no. 000388-20Gbl

1508-1600216 NY  
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

**[ey.com](https://ey.com)**