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CYPRUS MARITIME LAW

1) What is the Government Policy on the Registration of Fees?

1.1. The Government Policy on the Registration of Ships (the Policy) has been determined by the Minister of Communications and Works pursuant to the provisions **of sections 14A and 14B of the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws 1963 to 2005.**

1.2. The Policy states the additional requirements or conditions for the registration of ships which are deemed necessary for the achievement of safe, secure and efficient shipping on clean oceans and should always be read in conjunction with the relevant provisions of the statutes of the Republic of Cyprus.

1.3. The conditions under which the registration of a ship is initially allowed continue to apply:

(1) irrespective of any subsequent amendments or revisions of the government policy for the registration of ships under the provisions of which the registration of the ship is allowed;

(2) irrespective of any subsequent transfers or transmissions in accordance with the provisions of Part VI of the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws 1963 to 2005 or registration anew in accordance with the provisions of Part XI of the aforesaid laws;

(3) in the case of registration in the Register of Cyprus Ships of a ship which immediately prior to such registration was registered in the Special Book of Parallel Registration or vice versa, provided the formalities for the registration are completed within 24 hours from the time the ship has ceased to fly the Cyprus flag; and

(4) in case the registration of a ship in the Special Book of Parallel Registration is terminated due to:

(a) transfer of ownership; or

(b) termination of the bareboat chartering of the ship, and the bareboat charterer applies, before or immediately after such termination, for the registration of the ship in the Special Book of Parallel Registration, provided the formalities are completed within 24 hours from the time the ship has ceased to fly the Cyprus flag.

1.4 The Policy supersedes and replaces, as from 15 October 2011, the Government Policy on the Registration of Ships which has been in effect since 1 July 2009 (the 2009 Policy) (refer to Circular No. 14/2009).

1.5. Notwithstanding the provisions of paragraph 1.3(1), the registered owner or registered bareboat charterer of a ship whose registration was allowed under the provisions of the 2009 Policy or of earlier ones, as the case may be, may apply for substitution of the conditions which were imposed at the time of the initial registration of the ship with those stipulated in the Policy

for ships of the same type and/or age. For this purpose, the age of the ship will be the age the ship had at the time of its' initial registration.

1.6. The interpretation of the Policy is and remains the exclusive prerogative of the Director of the Department of Merchant Shipping (the Director) and of the Registrar of Cyprus ships (the Registrar), as the case may be.

1.7. The determination of the age and of the type of the ship for the purposes of the application of the provisions of the Policy is and remains the exclusive prerogative of the Director and of the Registrar, as the case may be.

2) Are there any eligibility criteria for the registration of ships and if yes, what are they?

2.1 Ships of any type or size, other than those specified in section 2.2, may be registered in the Register of Cyprus Ships or the Special Book of Parallel Registration, provided the applicable age-related requirements specified in section 2.3 and the applicable type-related requirements specified in section 2.4 are complied with.

2.2 Ships which do not qualify for registration

2.2.1 The Registrar of Cyprus Ships will not consider applications for the registration in the Register of Cyprus Ships or in the Special Book of Parallel Registration of ships which:

(1) at the time of the application for their registration, are banned on port State control grounds by a State member of any one of the Memoranda of Understanding on port State control, from entering the ports of the States party to that memorandum or which have been banned by a State from entering its ports;

(2) have been detained on port State control grounds on three (3) or more occasions during the two (2) years period prior to the date of application for registration by States members of the Paris or the Tokyo or the Mediterranean Memoranda of Understanding on port State control or by the United States Coast Guard; and (3) have been constructed for exclusive use on inland navigation or which are to be used exclusively on inland navigation (e.g. in internal waters, rivers, inland waterways, canals, natural or artificial lakes, water reservoirs or dams).

2.3 Age-related requirements

2.3.1 For the purpose of the Policy "*age*" means the age of the ship which is calculated by deducting the year in which the keel of the ship was laid from the year in which the application for its registration was filed with the Registrar of Cyprus Ships, provided its provisional, direct permanent or parallel-in registration is to take place during the same year. Otherwise, the age of the ship will be calculated from the year in which the provisional, direct permanent or parallel-in registration is to take place.

2.3.1.1 In case a ship has undergone major conversion or reconstruction, the year in which the major conversion or reconstruction begun may be taken into account (in lieu of the year in which its keel was laid) for the calculation of the age of the ship, provided the ship, at the end of the major conversion or reconstruction, complied with all the requirements of the applicable international treaties to which Cyprus is a State Party, as if it was a new ship whose keel was laid in the year in which the major conversion or reconstruction begun. In such a case the application for the registration of the ship should be accompanied by documentation from the recognised

organisation which is surveying and certifying the ship on behalf of its flag State or from its flag State attesting so.

2.3.1.2 In the case of recreational craft falling within the scope of Directive 94/25/EC of the European Parliament and of the Council of 16 June 1994 on the approximation of the laws, regulations and administrative provisions of the Member States relating to recreational craft, as amended and as it may be amended and in force at the particular time, in lieu of the year in which the keel of the ship was laid or the major conversion or reconstruction took place, the year of production as marked on the craft and of the major craft conversion, as defined in the directive, will be considered.

2.3.2 The registration in the Register of Cyprus Ships or the Special Book of Parallel Registration of the ships of the types specified in the table below may be allowed provided:

- (1) the age of the ship does not exceed the maximum age limit corresponding to the type of the ship; and
- (2) The related conditions corresponding to the type of the ship (i.e., entry inspection and additional inspection) are complied with.

2.3.3 The entry inspection and the additional inspections specified in the table below are required to be carried out in case the age of the ship is equal or greater than the number of years indicated under the related conditions corresponding to the type of the ship.

2.3.4 The entry inspection and the additional inspections should be carried out within the time frames to be specified in a new Circular on Registration of ships - Requirements for the entry and additional inspections of ships in the coming weeks. Until the issuance of such Circular, the relevant provisions of the 2009 Policy shall apply.

2.4 Type-related requirements

2.4.1 General

2.4.1.1 The registration in the Register of Cyprus Ships or the Special Book of Parallel Registration of the ships may be allowed provided the requirements set out in this section which relate to the type of the ship are complied with.

2.4.2 Passenger and cargo ships

2.4.2.1 Passenger ships, high speed passenger ships, cargo ships and high speed cargo ships engaged on international voyages, including short international voyages, should engage for sea training cadets who are permanent residents of the Republic of Cyprus, if requested by the Director.

2.4.3 Fishing vessels

2.4.3.1 For the purpose of the Policy "*fishing vessel*" means those ships, which are employed in fishing operations or for the processing, storage or carriage of fish (fish is used as a collective term and includes molluscs, crustaceans and any aquatic animal which is harvested) or in any operations (including transshipment of fish) ancillary thereto, but it does not include any ship used for the transport of fish or fish products as part of a general cargo.

2.4.3.2 The Registrar will not consider applications for the registration of fishing vessels unless they are accompanied by an official communication from the Director of the Department of Fisheries and Marine Research of the Ministry of Agriculture, Natural Resources and the Environment, informing the Registrar of Cyprus ships that the registration of the fishing vessel in question is allowed.

2.4.3.3 Fishing vessels which, in accordance with Article 1(1) of the Council Directive 97/70/EC of 11 December 1997 setting up a harmonised safety regime for fishing vessels of 24 metres in length and over, as amended and as it may be amended and in force at the particular time, are outside the scope of the directive, are required, as the Director may in each case determine:

- (1) to be classed with one of the recognised organisations;
- (2) To comply with the codes, guidelines, recommendations and standards of the International Maritime Organisation and/or of the International Labour Organisation and/or of the Food and Agricultural Organisation and/or of the European Union which are relevant to their type and to be surveyed and certified to that effect by one of the recognised organisations.

2.4.4 Other types

2.4.4.1 Ships other than those which are required to be surveyed and certified in accordance with the provisions of the international treaties to which Cyprus is a State Party or passenger ships or passenger high speed craft engaged on domestic voyages within the territory of Cyprus or fishing vessels or recreational craft, are required, as the Director may in each case determine:

- (1) to be classed with one of the recognised organisations;
- (2) To comply with the codes, guidelines, recommendations and standards of the International Maritime Organisation and/or of the International Labour Organisation and/or of the European Union which are relevant to their type and to be surveyed and certified to that effect by one of the recognised organisations.

3. What does Maritime Safety and Security Division at the Cyprus Shipping Registry cover?

The Maritime Safety and Security Division is responsible for the interpretation of the SOLAS 74/78, LOAD-LINES 66, COLREGS 72 and TONNAGE 69 conventions as amended, the STP 71 Agreement and the SPACE STP 73 protocol CSC 72, ISPS Code and consideration of issues concerning these, tonnage measurement of ships, matters concerning passenger ships, small (non convention)ships, fishing vessels, MODU. COLREG contraventions, approval of stability booklets and cargo securing manuals; Matters concerning Radio Communications, GMDSS, LRIT and allocation of MMSI and SELCAL numbers are also dealt with by the Maritime Safety and Security Division.

4. Has Cyprus enacted a relevant Law which regulates the Protection of Cyprus Ships against Acts of Piracy and Other Unlawful Acts?

Yes. In fact Cyprus is one of the first countries which understood the dangers of maritime piracy and thus it enacted **The Protection of Cyprus Ships Against Acts of Piracy and Other Unlawful Acts Law of 2012 (Law 77(I)/2012)**.

5. How much does it cost for the registration of a Cyprus Vessel?

Although Cyprus has much to offer in terms of infrastructure and maritime administration ultimately the bottom line is costs. In terms of registration fees and taxes, Cyprus is considered to be among the most competitive shipping centres in the world. The fees listed below are lower than those of Cyprus' main competitors.

The fees are expressed in EURO (€). The registration fees are calculated as follows:

For vessels other than passenger ships:

GROSS TONNAGE

FEES (€)

For each gross unit up to 5.000

0,170860

For each gross unit between 5.001-10.000

0,136688

For each gross unit over 10.000

0,068344

The minimum fee is €213,58 and the maximum fee is €5.125,80

For passenger ships:

GROSS TONNAGE

FEES (€)

For each gross unit

0,256290

Minimum fee

427,15

Terms of payment

The tonnage tax is payable on the 31st of March each year. Late payment results in the imposition of a 10% surcharge on the chargeable and leviable amount of tonnage tax for every year of the delay or part thereof, until the final discharge of the chargeable and leviable tax.

In case of a deletion of the ship from the Register of Cyprus Ships before the expiration of the year for which tonnage tax has been paid for, the amount paid in excess shall be reimbursed to the ship-owner or shall be credited against any other amounts due by any other ship of the same ship-owner upon his application.

6. How much does the registration, transmission, transfer or discharge of mortgages cost?

A. Fees for the registration or transfer of a mortgage or transfer of interest in a mortgage with the Registrar of Ships

The fees payable are calculated as follows:

GROSS TONNAGE

FEES (€)

For each gross unit up to 10.000

0,034172

For each gross unit over 10.000

0,017086

Minimum fee

51,26

B. Fees for the Transmission of a mortgage

The fees payable are €85,43.

C. No fee is payable for the discharge of mortgages.

7. Are there any fees for the transfer of a ship to the ownership of another Cypriot company and if yes, how are they calculated?

For the transfer of a ship to the ownership of another Cypriot company, the fees payable are calculated as follows:

GROSS TONNAGE

FEES (€)

For each gross unit up to 10.000

0,034172

For each gross unit over 10.000

0,017086

Minimum fee

51,26

8. Are there any fees relating to the deletion of a ship from the register of Cyprus ships?

No fee is payable for the deletion of ships. However, all other statutory fees and taxes due or in arrears at the time of the vessel's deletion should be paid.

9. Are there any other fees not included in the above categories?

Yes, there are. These are the following:

FEES (€)

Cyprus Registry Maintenance Annual Fee

300

Examination of an application for the registration of a vessel in the Register of Cyprus Ships

34,17

Examination of an application for change of the vessel's name

34,17

Approval and change of the vessel's name

136,69

Issue of a provisional, permanent or parallel certificate of registration

17,09

Granting of ship's carving and marking note

17,09

Issue of transcript of register

25,63

Radio licence installation

17,09

Radio licence renewal

17,09

Issue of Continuous Synopsis Record

34,17

For various other services or for the issue of certain certificates other minor fees are also payable.

10. Which fees and taxes are payable on provisional registration?

The following fees and taxes are payable at the time of the provisional registration of a vessel:

1. registration fees;
2. tonnage tax for 6 months;
3. fees for obtaining a licence to install and operate a wireless telegraphy and/or telephony station;
4. Fee for the issue of the provisional certificate of Cyprus Registry.

These should be paid not later than the date on which the provisional registration of the vessel will be effected.

11. Which fees and taxes must be paid for the extension of the period of provisional registration and when should they be paid?

For extending the period of the provisional registration of a vessel under the Cyprus flag for a maximum period of 3 months, the following fees and taxes are payable:

1. one half of the registration fees;
2. Tonnage tax for 3 months.

These should be paid prior to the expiry date of the period of provisional registration.

12. Which fees and taxes must be paid on permanent registration?

If the relevant registration fees have been paid at the time of the provisional registration of the vessel and the period of provisional registration has not expired, then no other fees and taxes are levied for the permanent registration of a vessel apart from:

1. fee for the issue of the certificate of Cyprus Registry;
2. Payment of any other statutory fees and taxes due or in arrears at the time of the permanent registration of the vessel.

No other fee is payable if the permanent registration takes place before the expiry of the provisional registration period.

Otherwise the fees payable on provisional registration are payable a new.

13. Which fees and taxes are payable annually?

The following fees and taxes are payable each year:

1. tonnage tax;
2. Fees for the renewal of the licence to install and operate a wireless telegraphy and/or telephony station.

14. What does the regulation that sets fees and taxes payable on parallel (bareboat) registration provide?

The initial registration fees for the parallel registration of a foreign vessel under the Cyprus flag (parallel-in registration) are 20 percent higher than those applicable to the provisional or permanent registration of the vessel. If the foreign vessel under the Cyprus flag is deleted and thereafter re-registered and the chartering is effected to the benefit of the same charterer prior to the deletion, the re-registration fees are reduced by 50 percent. There is no increase in the tonnage tax or other dues payable and the vessel is subject to the same financial obligations as other Cyprus ships.

A Cyprus ship registered in parallel in a foreign register (parallel-out registration) has the same financial obligations as all other Cyprus ships, with the exception of the fees for the issue or renewal of the radio licence. If the vessel is deleted from the Cyprus Registry prior to the termination of her status of parallel-out registration, that part of the tonnage tax which is proportional to the period from her deletion until the termination of her status of parallel registration is reimbursed upon application.

The financial obligations of vessels (Cypriot and foreign) registered in parallel are payable in advance for the entire period of the parallel (bareboat) registration.