

TAX ALERT: Monthly Insight

Recent Developments in Tax Legislation

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Law 5036/2023 Introduces Changes to Tax on Shipping

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A. Submission of Income Tax Returns and Payment of Tax for Second Class Vessels

1. Shipowners or ship owning companies registered on the first of January of each year in the register of ships or Small Vessel Registration Book (SBRB), must submit a second-class ship tax return to the tax authorities electronically by the last working day of March of each year in respect of the previous year.
2. This obligation applies to charterers or chartering companies of vessels under bare charter and lessees or chartering companies of vessels under financial leasing.
3. The tax is payable in two equal instalments, the first of which is due by the last business day of April and the second by the last business day of June.
4. By way of exception, returns for the 2023 tax year must be submitted by 30 June 2024 and the tax paid in two equal instalments, the first of which is due by the last business day of July 2024 and the second by the last business day of September 2024 respectively.
5. If the vessel is owned by more than one shipowner, each owner is liable to submit a declaration and pay tax in proportion to their ownership right.

6. In cases of commencement of operations by a partnership or a company, they are jointly and severally liable to submit a declaration and pay the tax due.

B. Payment of Taxes and Fees in Cases of Transfer of Vessel Ownership

1. A certificate issued by the head of the competent tax authority is required for the registration of the relevant act in the SBRB where a vessel is mortgaged or its ownership transferred.
2. The certificate must confirm the payment of all applicable taxes and fulfillment of all tax obligations of the ship owner arising from the operation of the ship until the date of its issuance and is valid for two months.
3. If the vessel remains under Greek flag, its new owner is liable to pay the relevant tax and tax contribution from the date of transfer onwards. Returns in respect of first-class vessels must be submitted by the new ship owner within the month following the transfer. Tax is payable in equal monthly instalments until the end of December of the same year, with the first instalment payable on submission of the timely declaration. Tax returns for second-class vessels must be submitted by the new owner in the year following the transfer of the ship and within the deadlines set out in A above.

C. Tax Imposed on Foreign Flagged Vessels

1. Tax returns and payment of relevant taxes must be filed in accordance with the provisions for Greek flagged vessels under B. above.
2. If a foreign flagged vessel is under management by a company established in Greece after 1 January, tax is due from the second day of the management agreement in monthly instalments to the end of the year.
3. Tax returns and payment of taxes are undertaken by the management company on behalf of the ship owning company, bareboat charterer or ship lessee.

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D. Taxation of Dividends from the Distribution of Profits Arising from the Operation of Vessels

1. Dividends received by shareholders or partners of any type of company from the distribution of profits from the operation of tugs, self-propelled dredgers and fishing vessels are permanently taxed at 5%.
2. This regulation applies to dividends paid or credited in the 2022 tax year onwards.

E. Taxation of Dividends from Shipbroking and Related Businesses

1. A 10% tax is imposed on dividends received by a tax resident in Greece from:
 - a. foreign companies of any type or form, which maintain offices or branches in Greece for the purpose of:
 - i. chartering, insurance, charter settlements, brokerage of purchases, shipbuilding, chartering or insuring of:
 - Greek or foreign flagged vessels;
 - with over 500 gross tonnage;
 - excluding passenger ferries and commercial ships operating on domestic voyages;
 - ii. representing ship owning companies; and
 - iii. companies with the same purpose as above in respect of dividends paid or credited during 2012 to 2022; and

- b. domestic companies established with the same purpose as those in a. above for dividends paid or credited in 2019 to 2022.
2. Dividends paid or credited to a tax resident of Greece from companies falling within 1. above in 2023 onwards are subject to 5% tax.
 3. Tax due on dividends distributed by companies which are also ship management companies of Greek or foreign flagged vessels is payable by the recipient of the dividends.
 4. Tax on dividends received in 2012 to 2019 are payable in 1 instalment on submission of the declaration within the following month of the dividend payment or credit in Greece or abroad.
 5. For dividends received from 2020 onwards, tax is payable within 5 working days from the date of submission of the declaration, which must be made by the last working day of the month following the payment or credit of the dividend in Greece or abroad in one instalment.
 6. From 2019 onwards, a 10% tax is imposed on extraordinary remuneration and bonuses distributed to members of the Board of Directors, directors, executives and employees in addition to salaries by:
 - a. companies falling under 1.a. above;
 - b. companies falling under 1.b. above; and
 - c. foreign management companies or undertakings established in Greece.

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