

Moore Stephens says Greek tax changes will affect shipping companies

International accountant and shipping adviser Moore Stephens says changes recently approved by the Greek parliament to the country's tax laws will impact companies engaged in the shipping industry.

There is a new requirement for Greek shipowners to pay tonnage tax on ships operating under flags other than the Greek flag which are managed by companies based in Greece, or offshore companies which have a branch in Greece, operating under Law 89 of the Greek constitution.

Michael Kotsapas, a partner with the Moore Stephens shipping team, says, "This new requirement to pay tonnage tax, effective from 1 January, 2013, mirrors that which is already in existence for the Greek-flag merchant fleet. A large part of the Greek fleet currently sails under foreign flags, and therefore is impacted by the new tonnage tax regulations. Management companies are jointly liable with shipowning companies to pay the tax. Any foreign tonnage tax paid can be set off. Shipowning companies operating vessels under a foreign flag are exempt from any other taxes on profits derived from the operation of the vessels outside Greece, similar to exemptions available for operating Greek-flagged vessels."

A new range of levies has also been introduced for companies providing services to the shipping sector in Greece. These changes affect shipbrokers, insurance brokers, agents, average adjusters, charterers and others, irrespective of whether they provide services to ships under Greek or foreign flag, but exclude ships trading on purely domestic routes and some passenger ships. Shipowners and ship management companies are exempt.

The new service-related charges will be imposed on remittances of foreign currency, based on the following scales: 5 per cent on remittances up to \$200,000; 4 per cent on remittances between \$200,001 and \$400,000; and 3 per cent on remittances over \$400,000. The charges are annual and will be made for a four-year period, beginning retrospectively from 2012. In addition, service company profit distributions, either as dividends or as bonuses to directors and staff, are now taxed at a flat rate of ten per cent.

Michael Kotsapas says, "Shipping remains a key industry for Greece, and an important source of foreign currency. In recognition of the need to maintain the attractiveness of Greece as a base for companies engaged in the shipping industry, these service-related charges have very recently been reduced to 50 per cent of the figures included in the original legislation."

● Moore Stephens was the first international accounting firm to open an office in Greece. This year, it celebrates the 50th anniversary of its dedicated presence in the country. Moore Stephens LLP is noted for a number of industry specialisations and is widely acknowledged as a leading shipping and insurance adviser. Moore Stephens LLP is a member firm of Moore Stephens International Limited, one of the world's leading accounting and consulting associations, with 624 offices of independent member firms in over 100 countries, employing 21,224 people and generating revenues in 2012 of \$2.3 billion.

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