

# Tax Updates

9 March 2023



Consistent with our commitment to provide [updated information](#) on current tax issues, we set down below a brief overview of the provisions of Decision A.1019/2023 regarding the determination of shipping income eligible to be covered by the tonnage tax regime of Law 27/1975

According to the provisions of Law 27/1975, imposition of tonnage tax on ships flying the Greek flag, as well as on ships flying EU/EEA flags as introduced by Article 26a of Law 27/1975, exhausts any income tax liability of the shipowner and of the shareholder or partner of a Greek or foreign company of any legal form, on what concerns profits derived from the exploitation of ships.

In order to achieve harmonization of our domestic tax legislation with the guidelines of the European Commission on maritime transport, the Ministry of Finance recently issued Decision A.1019/2023, which determines the main and auxiliary activities linked to maritime transport, whose revenues are eligible to be covered by the tonnage tax regime of Law 27/1975.

## Shipping income derived from main activities eligible to be covered by the tonnage tax regime

- a) Income from the transport of passengers or cargo by ship.
- b) Income from the partial or whole charter of fully equipped/manned ships by the shipowner, to be used for the transport of passengers or cargo.
- c) Income from the participation of companies in a joint venture, the scope of which is the transport of passenger or cargo by ship.
- d) Capital gains from the sale of a ship (on condition that the ship was acquired while it was subject to tonnage tax and after its acquisition the ship was used by the shipping company for actual shipping activities linked with maritime transport).

## Income not eligible for the tonnage tax regime

- Income gained by financial leasing companies from the financial lease of ships.
- Income derived from the bareboat charter of a ship to another shipping enterprise is not eligible to be covered by the tonnage tax regime at the level of the charterer.

## Shipping income derived from auxiliary activities eligible to be covered by the tonnage tax regime

The recently issued Decision A.1019/2023 also completes the formerly issued Circular POL.1159/2018 on the type of income derived from auxiliary activities linked with maritime transport that is eligible to be subject to the tonnage tax regime, and it is now clarified that it covers the following:

- a) Income from the bareboat charter of a ship to another shipping company, assuming the conditions are met for eligibility of the ship's owners to the tonnage tax regime (article 26b par. 4<sup>a</sup> of Law 27/1975).
- b) Income from slot chartering arrangements.
- c) Income from the sale of tickets issued by other shipping enterprises.
- d) Income from the lease or short-term storage of cargo containers including their transfer in the port area carried out by the shipowner immediately before or after the voyage, as well as income from charges paid for late return of cargo containers.
- e) Income from providing to other shipping companies the services of captains, engineers, maintenance personnel, cargo handlers, catering staff, staff dedicated for servicing the passengers, and other staff with positions and specialties similar to the above.
- f) Income from investments, which are necessary for ensuring the smooth exploitation of ships.
- g) Income from hotelier services, catering services, entertainment, retail sales, beauty services, passenger care services, which are offered onboard during the maritime transport of passengers.
- h) Income from the issuance of tickets and from passenger terminals, linked exclusively with shipping activities that are subject to the tonnage tax regime.

## Income from auxiliary activities that is not eligible to be covered by the tonnage tax regime

- Income from gaming operations, casinos, sale of luxury goods (with the exception of alcohol, tobacco and perfumes) as well as income from land excursions.
- When shipping income from auxiliary activities exceeds 50% of the total shipping income of the shipping enterprise (from both main and auxiliary activities), then the excess income from the auxiliary activities is not eligible to be covered by the tonnage tax regime.

### Other cases

Income from the exploitation of tugboats and self-propelled dredgers, whose operation time in maritime transport does not exceed 50% of their total operation time, as well as income from the exploitation of fishing boats is not eligible to be covered by the tonnage tax regime.

### Contact us

**Effie Adamidou**  
Partner, Head of Tax and Legal

T: + 30 210 60 62 178

E: [eadamidou@kpmg.gr](mailto:eadamidou@kpmg.gr)

### More information at

[kpmg.com/socialmedia](https://kpmg.com/socialmedia)



This Newsletter aims to provide the reader with general information of the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case

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