



**Shipping.
Our Services.**

agplaw.com



**HELPING YOU NAVIGATE EVEN THE
MOST COMPLEX LEGAL CHALLENGES
WITHIN CYPRUS' MOST DYNAMIC
BUSINESS SECTOR.**

**Ranked &
Recommended**



Best Lawyers®



**BENCHMARK
LITIGATION
EUROPE**

**CHAMBERS
AND PARTNERS**



**EUROPEAN
LEGAL
AWARDS**

**IFLR
1000**

Contents

05

Key Contacts

07

Authorized Representation
in Cyprus

08

Contracts & Advisory

10

Ship Registration & other
Registry Transactions

16

Ship Mortgages & Ship Finance

18

Ship Security Company
Licensing

20

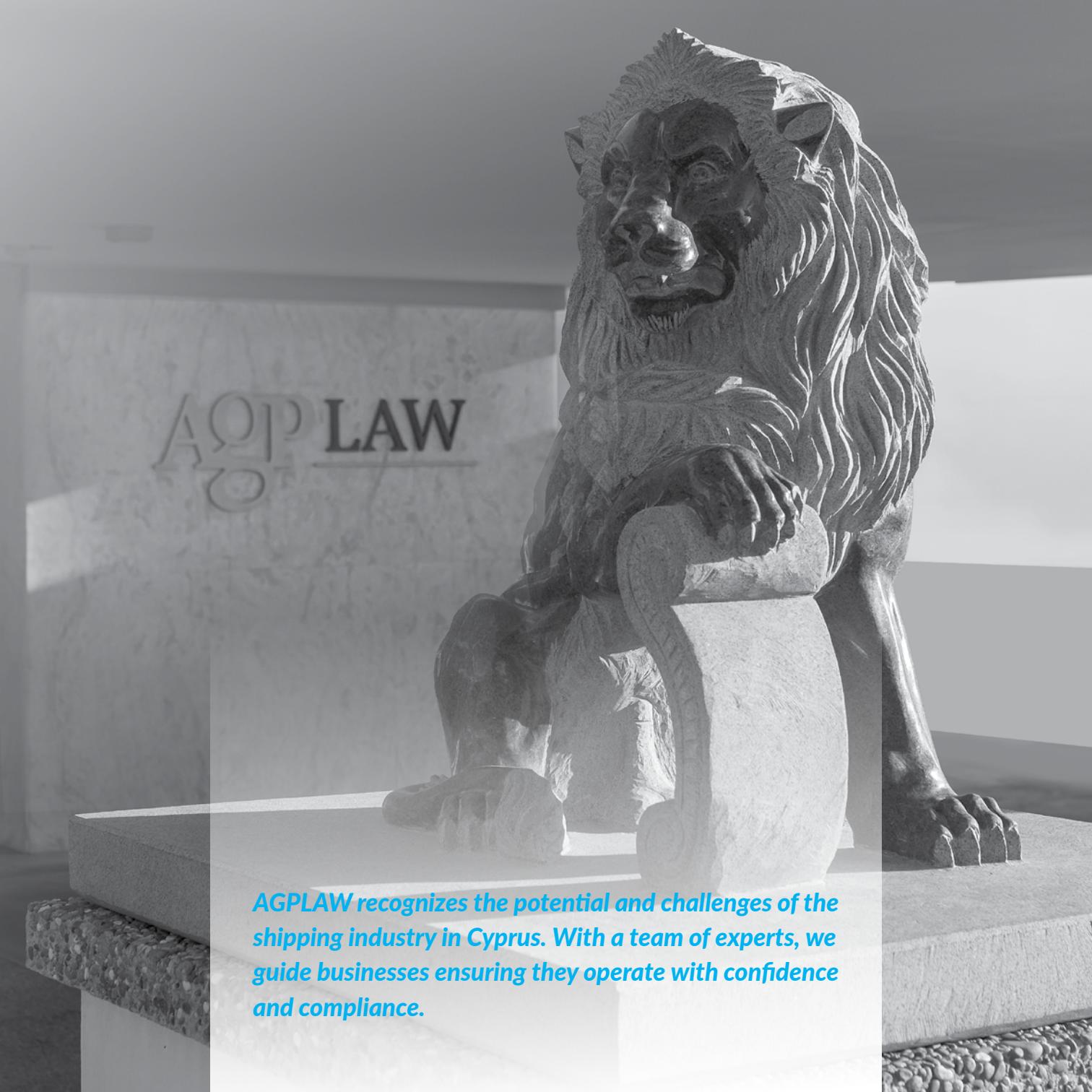
Shipping Disputes

22

Tax Advisory

24

Incorporation of Shipping
Companies in Cyprus



AGP LAW

AGPLAW recognizes the potential and challenges of the shipping industry in Cyprus. With a team of experts, we guide businesses ensuring they operate with confidence and compliance.



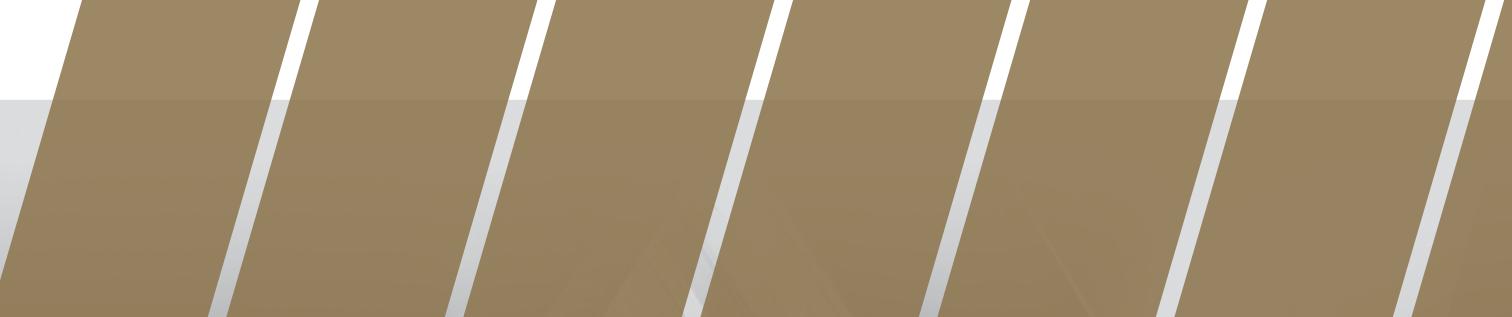
KEY CONTACTS



Angelos G. Paphitis | Managing Partner



Kyriaki (Kelly) Kresta | Head of Shipping



At AGPLAW we are dedicated to providing sector-focused legal services to the shipping industry in Cyprus. With deep industry knowledge and a wealth of experience, our team of highly skilled shipping lawyers offers a broad range of legal services in the shipping sector that cover all aspects of shipping law, including ship registrations, ship finance, sale and purchase, charter parties, marine insurance, and more.

We pride ourselves on our deep industry expertise and our Firm's entrepreneurial, creative and collaborative culture.

AUTHORIZED REPRESENTATION IN CYPRUS

According to the provisions of Article 5A of the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws of 1963 (as amended), an authorized representative may be:

- Cypriot citizen or a citizen of any other Member State, who is a resident of the Republic within the context of the Income Tax Laws of 2002 -2004, or;
- partnership that has been incorporated and is registered according to the stipulations of the General and Limited Partnership and Business Names Law, having its base of business in the Republic, and having employed permanent staff in the Republic, or;
- legal entity that has been incorporated and registered according to the stipulations of the Companies Law, having its base of business in the Republic, and having employed permanent staff in the Republic, or;
- branch of a company that has been incorporated and registered in accordance with the provisions of the Companies Law, having its base of business in the Republic.

The obligation of appointing an authorized representative applies for as long as the owner of a Cyprus ship or of its share is registered as such in the Registry.

The authorized representative's main role is that of an intermediary between the Registrar and the shipowner, having no liability for the actions or omissions of the shipowner.

In the cases where the appointment of an authorized representative is obligatory by Cyprus legislation, we can provide such services, thus acting as your authorized representatives in Cyprus.

A white paper boat is shown in the foreground, resting on a map. The map is partially visible, showing a circular emblem with the word "MINISTER" and some geographical lines. The background is a blurred, light-colored surface.

**A TESTAMENT TO THE FIRM'S ABILITY
TO THRIVE IN A HIGHLY COMPETITIVE
MARKET AND BECOME ONE OF CYPRUS'
MOST PRESTIGIOUS LAW FIRMS**



CONTRACTS & ADVISORY

Our Firm's Shipping Department can assist you with the reviewing, negotiation and/or drafting of shipping related contracts.

These include:

- > seafarer employment contracts;
- > charter parties (time, voyage and bareboat);
- > agreements on the sale and purchase of ships;
- > ship management agreements.







SHIP REGISTRATION & OTHER REGISTRY TRANSACTIONS

Registration of Ships

According to Cyprus Advocate Laws, only lawyers registered as practicing advocates in Cyprus are entitled to draft the necessary documents for the incorporation of a Cyprus company as well as to handle any registry transactions, acting on behalf of the owner. Consequently, the registration of a ship under the Cyprus flag can only be carried out by a locally registered advocate.

Furthermore, applications for the registration of ships and for all related transactions in the Register of Cyprus Ships or in the Special Book of Parallel Registration, must be submitted to the Registrar of Cyprus Ships. Thus, the registration of ships and all related transactions are concluded by the Registrar, located at the Head Office of the SDM in Limassol. However, upon relevant instructions issued by the Registrar, there are certain transactions, such as the provisional registration of ships, which may be effected abroad by a Consular Officer of the Republic of Cyprus, located at any of the Diplomatic or Consular Missions of the Republic of Cyprus. The permanent and bareboat charter registrations are excluded from the transactions which may be effected abroad.



Types of Ship Registration

According to the Merchant Shipping (Registration of Ships, Sales and Mortgages) Laws of 1963 as amended, there are three types of ship registration in Cyprus, which will apply, provided that all the required (by law) conditions are met: (a) Provisional, (b) Permanent, (c) Bareboat charter registration (parallel – in and parallel – out).

A ship may be provisionally registered under the Cyprus flag for a period of 6 months, given that it was not previously registered at the Registry of Cyprus. The Provisional Certificate of Cyprus' Registry is valid for a period of 6 months from the date of issue. This type of registration may be extended for 3 months, given that specific conditions set by the law are satisfied. At the time of the provisional registration, the ship must be at port or anchorage for inspection and certification purposes, whereas at the time of its permanent registration this is not necessary. The permanent registration of a provisionally registered ship must take place before the ship's Provisional Certificate expires.

In the event of parallel-in registration, the bareboat charterer of the foreign ship may be a natural person or a legal entity who satisfies the qualification requirements applicable to the ownership of a Cyprus ship. The legislation of the State of registry of the foreign ship must permit its bareboat registration, which is usually for 2 years but it can be renewed.

Likewise, in the event of parallel-out registration, a natural person or a legal entity who qualifies to register the bareboat charter in another State - according to the legislation of that State - can be a bareboat charterer of a Cyprus ship, given that the said State allows for this action. The parallel-out registration period can last up to three years, but it can be renewed.

In both cases of parallel registration, the ship remains registered in parallel at the Registry of its State of origin, which remains in operation solely in terms of the ship's ownership and encumbrance status. The deletion of the ship from the Registry of its State is not required.

In conclusion, any ship used in navigation and not propelled by oars is eligible for registration under one of the above described types of registration, if it also meets the ownership requirements but also the rest of the conditions set by the relevant laws and the Government policy respectively, such as the age and type related requirements.





Our team can provide you assistance with the following transactions:

- Registration (provisional, permanent, bareboat) of any kind of vessel in the Register of Cyprus ships
- Registration of yachts under Cyprus flag
- Registration of boats in the Small Vessels' Registry of the Shipping Deputy Ministry of Cyprus
- Registration of ships and companies under the Cyprus Tonnage tax system and payment of tonnage tax
- All kind of registry transactions for vessels under Cyprus flag (transfer and transmission of ownership, deletion from the Cyprus Register of Ships, change of particulars and ship's name, renewal of certificates, registration and discharge of mortgages etc)
- Moreover, in collaboration with reputable foreign law firms and service providers, we can offer:
 - > Registration of ships and yachts in foreign jurisdictions (e.g. Netherlands, Poland, Belgium, Malta, UK etc.)
 - > Registration of shipping companies in foreign jurisdictions
 - > Deletion of ships and yachts in foreign jurisdictions
- We can also assist with the certification and registration of coastal passenger and small passenger vessels under Cyprus flag, as per the Coastal and other Passenger Vessels Regulations of 2012 (P.I. 278/2012).



SHIP MORTGAGES & SHIP FINANCE

One of the most frequently used tools in securing the repayment of a loan in the shipping industry is a [ship mortgage](#). In practice, a ship owner as the borrower of a loan, will be asked to provide to the lender with this form of security, to obtain the financing they need - most commonly for the purchase of a ship - whereas the lender will acquire an interest on the said ship.

According to the relevant legislation, any registered (provisionally or permanently) ship in the Registry of Cyprus, may be the subject of security for a loan, or for any other financial benefit/consideration. The mortgage must be submitted at the Registrar along with the collateral deed of covenants which shall include all of the contractual terms between the lender/mortgagee and the ship owner.

Upon registration, the date, time and all details pertaining to the mortgage will be submitted as well, and the mortgage will acquire priority regarding all subsequent mortgage registrations.

Under the Merchant Shipping Laws of 1963 (as amended), the creation of a mortgage on foreign ships which are allowed to fly the Cyprus flag under the registration of a bareboat charter (parallel-in) in Cyprus, is not permitted.

It is worth noting that under the Stamp Duty Act (19/1963), the mortgage documents are exempted from the stamp duty obligation, a factor which adds up to all the existing benefits of registering a ship under the Cyprus flag.

Our services include drafting and registering a mortgage and deeds of release and general assistance with the ship finance procedure.





SHIP SECURITY COMPANY LICENSING

The Protection of Cyprus Ships Against Acts of Piracy and Other Unlawful Acts Law of 2012 (Law 77/2012), is the legislation enacted by the Government of Cyprus in 2012, in order to allow and to regulate the use of the private ship security companies by the ship owners of Cyprus flagged ships.

This statute was passed in an effort of the Government to deal with, and address the threat of piracy and that of other unlawful acts, since these are included among the main concerns of ship owners in terms of their ships' safety.

The prior approval of the Competent Authority is one of the main prerequisites for a private ship security company to be eligible to provide its services. In particular, the legal entity or its authorised representative must submit the application in the official language of Cyprus or in a language understood by the Competent Authority, providing all the necessary information along with the required documents, as these are stipulated by the Law.

If the Competent Authority is satisfied by the data and documents submitted, a certificate is issued attesting that the applicant company may provide security services to ships flying the Cyprus flag.

Under Section 36 of the Law, the Competent Authority has the power to proceed with the following actions:

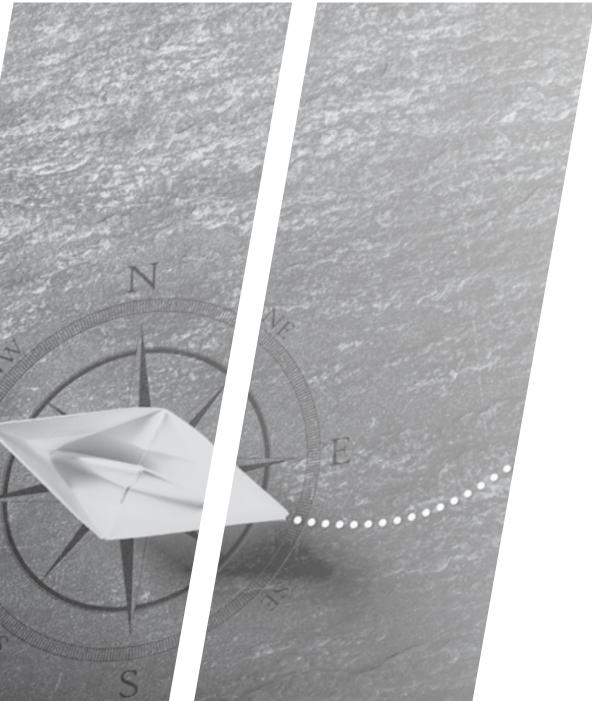
- to extend the validity period of the certificate; or
- to suspend or cancel the validity of the certificate and to specify the scope or the time period of the said suspension or cancellation; or
- to replace the certificate with a new one; or
- to amend the particulars mentioned in a certificate; or
- to amend the terms, or the prerequisites or the information cited on a certificate.

Under Section 23 of the Law, an authorized representative may be:

- A citizen of the Republic of Cyprus or a national of another Member State residing in Cyprus within the scope of the Income Tax Laws of 2002 to Law (No.2) of 2011; or
- A partnership incorporated and registered in accordance with the provisions of the Partnerships and Business Names Law, Cap 116 and Laws of 1997 to 2011, having its place of business in Cyprus and which employs permanent personnel in the Republic; or
- A corporation, incorporated and registered according to the provisions of the Companies Law, Cap. 113 and Laws of 1968 to 2011 having its place of business in the Republic and furthermore it employs permanent personnel in the Republic.

Our team can:

- provide advisory services to private ship security companies;
- assist with the preparation and submission of the application;
- and with obtaining the relevant certificate;
- assist with the preparation and submission of the application for the use of services of an approved private ship security company on board a Cyprus flag vessel.



SHIPPING DISPUTES

Through deep understanding of Cyprus maritime law, maritime conventions and regulations, including the Admiralty jurisdiction of the Cyprus Courts, we are able to offer comprehensive legal support to ship owners, charterers, cargo owners, or marine insurers, when the need for support arises within the framework of Cyprus law.

Our Shipping Litigation services encompass a wide range of legal matters, including:

- ***Cargo Claims:*** We provide legal representation and guidance in cargo disputes under Cyprus law, such as damage, loss, or delay claims;
- ***Charter Party Disputes:*** Through in-depth knowledge of charter party agreements within the context of Cyprus law, we can assist in resolving disputes arising from breaches of contract, laytime and demurrage issues, off-hire claims, and more. We strive to protect our clients' contractual rights and minimize potential losses.

- **Collisions and Salvage:** In the unfortunate event of a collision or a salvage operation, we can offer strategic advice and skilled representation while working closely with industry experts for the purposes of professional investigation. Upon determination of liability within Cyprus law, we pursue compensation for damages suffered through the Cyprus Courts.
- **Marine Insurance Claims:** We are here to assist on handling marine insurance claims under Cyprus law, including hull and machinery insurance, protection and indemnity (P&I) insurance, and freight demurrage and defense (FD&D) insurance. We can assist for our clients' interests, ensuring fair settlement negotiations or litigation within the Cypriot jurisdiction, when necessary.
- **Ship Arrests:** If urgent action to secure a maritime claim within Cyprus is required, through strategic litigation, our firm assists in obtaining and defending ship arrests in accordance with Cyprus law. We can provide immediate and effective legal remedies to protect our clients' rights and ensure the enforcement of maritime liens and other claims through the Cyprus Courts. Although Cyprus is not a signatory to the 1952 Arrest Convention, it is important to note that the United Kingdom has ratified the Convention through the Administration of Justice Act 1956, thus it applies to Cyprus by virtue of its Constitution and Articles 19 and 29 of the Courts of Justice Law of 1960 (Law no. 14/60).



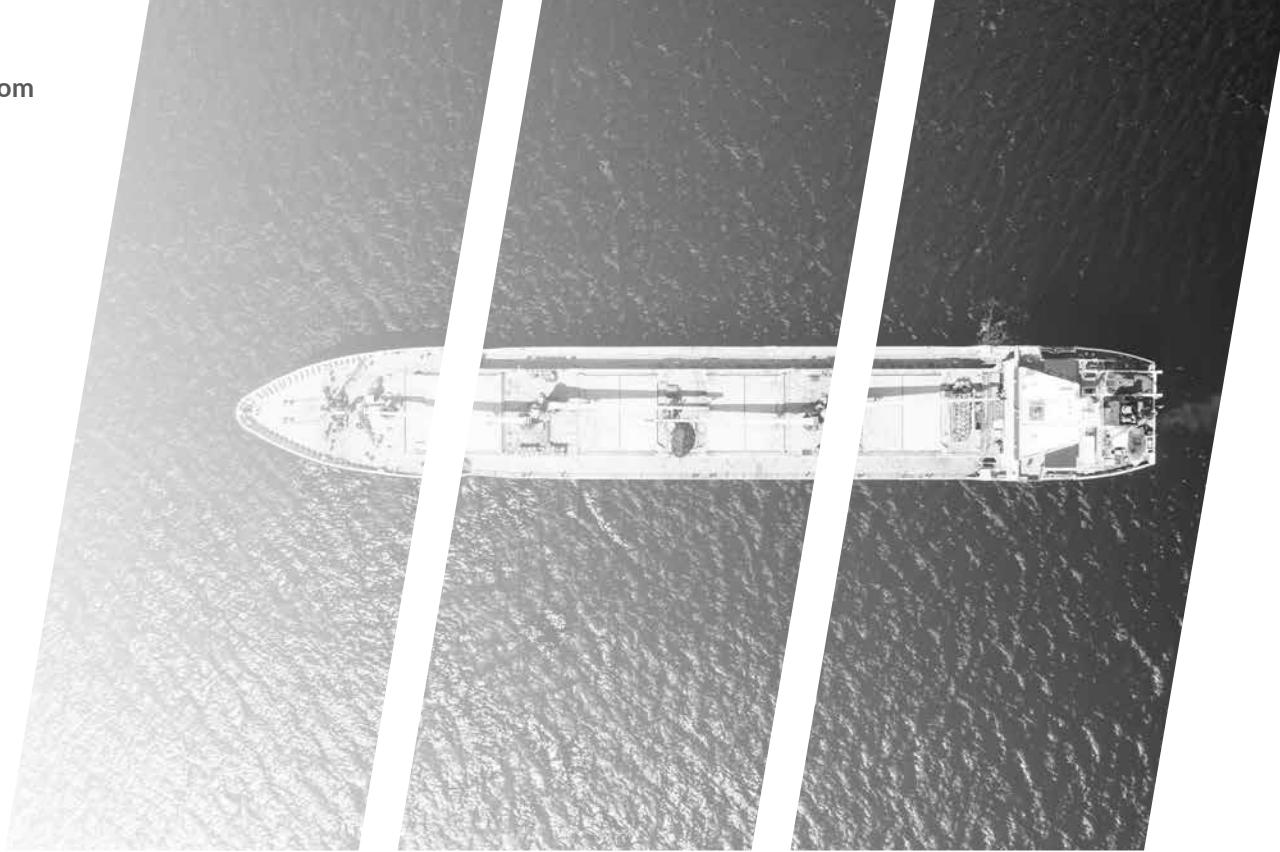
TAX ADVISORY

Cyprus' prominent position in the shipping sector is further reinforced by the considerable tax incentives it offers but also by the numerous double tax treaties that were concluded with many countries.

The Tonnage Tax System (TTS), which was officially approved by the European Commission in 2010 is covering the three basic shipping activities, namely, ship owning, ship management and chartering. This innovative legislation provided inter alia, certainty in the annual expenses; in contrast to the usual corporate tax, the tonnage tax is simply a fixed percentage on the total net carrying capacity of a ship.

Beneficiaries of the TTS are exempted from the payment of income tax under the provisions of the Income Tax Law in force. Owners of Cyprus ships and owners of foreign ships, ship managers and charterers can be the beneficiaries of this fiscal legislation, which has been in effect since 2010 and is governed by the Merchant Shipping (Fees and Taxing Provisions) Laws of 2010-2020 (Law 44(I)/2010 as amended by Law 39(I)/2020).





We can advise shipowners, charterers and ship managers regarding the qualification conditions under the Tonnage Tax System and we can provide tax advisory services related to the shipping sector.



INCORPORATION OF SHIPPING COMPANIES IN CYPRUS

Cyprus is a renowned maritime centre offering numerous benefits and advantages for the shipping companies and/or clients who choose to establish their business and/or manage their operations from Cyprus.

One of the main benefits of a Cyprus shipping company lies in its distinct tax treatment. Unlike other businesses in Cyprus, which are taxed at a 12,5% tax rate on their earnings, ship-owing companies, ship management companies and certain types of chartering companies, if they meet certain prerequisites, may opt to be taxed under the Cyprus tonnage tax system.

According to Cyprus relevant legislation, only lawyers licenced by the Cyprus Bar Association are entitled to prepare and sign the Memorandum, Articles of Association and the HE1 form, for the formation of a Cyprus company.

AGPLAW can offer a range of legal services to shipping companies and ship management companies, including the formation and registration of shipping companies.

We can assist with the incorporation of shipping companies in Cyprus, including advising on the legal and regulatory requirements, preparing all necessary documentation and liaising with all relevant authorities.





Listed in Top 50 Firms 2016



Cyprus Law Firm of the Year 2014



Cyprus Law Firm of the Year 2012



Listed in Top Law Firms in Cyprus for the Year 2011



Cyprus Law Firm of the Year 2011



EXCELLENCE RECOGNISED AWARDS, RECOGNITIONS, RANKINGS & RECOMMENDATIONS



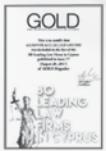
Cyprus Law Firm of the Year 2011



Cyprus Law Firm of the Year 2011



Cyprus Law Firm of the Year 2011







AGP Chambers, 84 Spyrou Kyprianou Avenue, 4004 P.O. Box 58419, 3734 Limassol, Cyprus
Tel.: +357 25 731 000 | Fax: +357 25 761 004 | E-mail: agp@agplaw.com
www.agplaw.com