

PLEASE CONTACT US FOR THE METHODS OF AVOIDANCE AND MORE DETAILS

Freight tax: 4.8% of the gross outward freight earnings derived from international transport activities of non-residential shipowners and/or operators.

This rate consists of:

Corporation income tax: 20% of assumed profit, which is considered to be 15% of gross outward freight (=3%)

and

Withholding tax (aka stoppage tax): 15% of taxable income, which is the assumed profit less corporation tax (=1.8%)

Exemption Agreements

Residents of the following countries may benefit from double taxation agreements, which reduce or waive the tax.

Country	Reduction	Date of entry into		No.	Gazette	
		force	Date of effect		Dated	
Albania	100%	26/12/1996	01/01/1997	22778	05/10/1996	
Algeria	100%	30/12/1996	01/01/1997	22863	30/12/1996	
Australia	100%	05/06/2013	01/01/2014	28653	21/05/2013	
Austria	100%	24/09/1973	01/01/1974	14612	01/08/1973	
Austria (Renegotiated)	100%	01/10/2009	01/01/2010	27270	26/06/2009	
Azerbaijan	100%	01/09/1997	01/01/1998	23032	27/06/1997	
Bahrain	50%	02/09/2007	01/01/2008	26620	21/08/2007	
Bangladesh	50%	23/12/2003	01/01/2004	25317	15/12/2003	
Belarus	0%	29/04/1998	01/01/1999	23321	22/04/1998	
Belgium	100%	08/10/1991	01/01/1992	20992	15/09/1991	
Bosnia and Herzegovina	100%	18/09/2008	01/01/2009	26487	04/08/2007	
Brazil	100%	09/10/2012	01/01/2013	28171	12/01/2012	
Bulgaria	100%	17/09/1997	01/01/1998	23111	15/09/1997	
Canada	100%	04/05/2011	01/01/2012	27919	29/04/2011	
China ¹	100%	30/12/1996	01/01/1997	22863	30/12/1996	
Croatia	100%	18/05/2000	01/01/2001	24045	10/05/2000	
Cyprus ²	50%	30/12/1988	01/01/1989	20031	26/12/1988	
Czech Republic	100%	16/10/2003	01/01/2004	25317	15/12/2003	
Denmark	50%	20/06/1993	01/01/1991	21589	23/05/1993	
Egypt	100%	31/12/1996	01/01/1997	22863	30/12/1996	
Estonia	100%	21/02/2005	01/01/2006	25512	04/07/2004	
Ethiopia	100%	14/08/2007	01/01/2008	26608	08/09/2007	
Finland	50%	30/12/1988	01/01/1989	20005	30/11/1988	
Finland (Renegotiated)	100%	04/05/2012	01/01/2013	28243	24/03/2012	
France	100%	01/07/1989	01/01/1990	20135	10/04/1989	
Georgia	100%	15/02/2010	01/01/2011	27489	10/02/2010	
Germany ³	100%	01/08/2012	01/01/2011	28183	24/01/2012	
Greece ⁴	100%	05/03/2004	01/01/2005	25390	02/03/2004	
Hungary	0%	09/11/1995	01/01/1993	22152	25/12/1994	
India	100%	30/12/1996	01/01/1994	22863	30/12/1996	
Indonesia	100%	18/05/2000	01/01/2001	24045	15/02/2000	
Iran	100%	27/02/2005	01/01/2006	25254	10/09/2003	
Ireland	100%	18/08/2010	01/01/2011	27668	10/08/2010	
Israel	100%	27/05/1998	01/01/1999	23351	24/05/1998	
Italy	100%	01/12/1993	01/01/1994	21693	09/09/1993	
Japan	100%	28/12/1994	01/01/1995	22110	13/11/1994	
Jordan	100%	03/12/1986	01/01/1987	19165	15/07/1986	
Kazakhstan	0%	18/11/1996	01/01/1997	22811	08/11/1996	

Korea, Republic of	100%	25/03/1986	01/01/1987	18886	02/10/1985
Kuwait	100%	13/12/1999	01/01/1997	23890	28/11/1999
Kyrgyzstan	0%	20/12/2001	01/01/2002	24611	12/12/2001
Latvia	100%	23/12/2003	01/01/2004	25324	22/12/2003
Lebanon	100%	21/08/2006	01/01/2007	26262	17/08/2006
Lithuania	100%	17/05/2000	01/01/2001	24045	10/05/2000
Luxembourg	100%	18/01/2005	01/01/2006	25694	08/01/2005
Macedonia TFYR	0%	28/11/1996	01/01/1997	22780	07/10/1996
Malaysia	100%	31/12/1996	01/01/1997	22863	30/12/1996
Malta	100%	13/06/2013	01/01/2014	28630	27/04/2013
Moldavia	0%	28/07/2000	01/01/2001	24120	25/07/2000
Mongolia	100%	30/12/1996	01/01/1997	22863	30/12/1996
Montenegro ⁵	100%	08/10/2007	01/01/2008	26607	08/08/2007
Morocco	100%	18/07/2006	01/01/2007	25853	22/06/2005
The Netherlands	100%	30/09/1988	01/01/1989	19907	22/08/1988
New Zealand	100%	28/07/2011	01/01/2012	27984	04/07/2011
Norway	50%	30/01/1976	01/01/1997	15445	21/12/1975
Norway (Renegotiated)	100%	15/06/2011	01/01/2012	27947	28/05/2011
Oman	100%	15/03/2010	01/01/2011	27520	13/03/2010
Pakistan	100%	08/08/1988	01/01/1989	19911	26/08/1988
Poland	100%	01/04/1997	01/01/1998	22863	30/12/1996
Portugal	100%	11/02/2008	01/01/2007	26377	15/12/2006
Qatar	100%	11/02/2008	01/01/2009	26778	05/02/2008
Romania	100%	15/09/1988	01/01/1989	19906	21/08/1988
Russia	50%	31/12/1999	01/01/2000	23909	17/12/1999
Saudi Arabia ⁶	100%	14/01/2009	01/01/2010	27130	03/02/2009
Serbia ⁵	100%	08/10/2007	01/01/2008	26607	08/08/2007
Singapore	50%	27/08/2001	01/01/2002	24466	18/07/2001
Slovak Republic	100%	02/12/1999	01/01/2000	23835	03/10/1999
Slovenia	100%	23/12/2003	01/01/2004	25325	23/12/2003
South Africa	100%	06/12/2006	01/01/2007	26352	20/11/2006
Spain	100%	18/12/2003	01/01/2004	25320	18/12/2003
Sudan	100%	14/10/2003	01/01/2004	25232	17/09/2003
Sweden	50%	18/11/1990	01/01/1991	20651	30/09/1990
Switzerland	100%	08/02/2012	01/01/2013	28171	12/01/2012
Syria	100%	21/08/2004	01/01/2005	25506	28/06/2004
Tajikistan	0%	26/12/2001	01/01/2002	24620	24/12/2001
Thailand	50%	21/02/2005	01/01/2006	25512	04/07/2004
Tunisia	100%	28/12/1987	01/01/1988	19590	30/09/1987
Turkmenistan	100%	24/06/1997	01/01/1989	23018	13/06/1997
Ukraine	100%	29/04/1998	01/01/1999	23321	22/04/1998
United Arab Emirates	100%	26/12/1994	01/01/1995	22154	27/12/1994
United Kingdom ⁷	100%	25/10/1988	01/01/1989	19964	19/10/1988
United States	100%	19/12/1997	01/01/1998	23217	31/12/1997
Uzbekistan	0%	30/09/1997	01/01/1997	23103	07/09/1997
Yemen	100%	16/03/2010	01/01/2011	27520	13/03/2010

Comprehensive treaty negotiations currently in progress:

Signed but not ratified

Gambia	Signed 11/02/2014
Kosovo	Signed 10/09/2012
Mexico	Signed 17/12/2013
Philippines	Signed 18/03/2009
Vietnam	Signed 09/07/2014

In the process of negotiation or finalised but not signed

Cameroon
Ghana

Kenya
Palestine
Senegal
Seychelles

Notes

1. This treaty does not apply to residents of Hong Kong SAR, Macao SAR or the province of Taiwan.
2. The treaty is only applicable to northern Cyprus (Famagusta, Kyrenia and Karavostassi)
3. The new agreement replaces the previous double taxation agreement with Germany which was terminated on 21 July 2009. The former agreement offered 100% reduction in tax and was in effect from 1 January 1990 to 31 December 2010.
4. The treaty provides that profits derived from the operation of ships engaged in international traffic shall be taxable only in the Contracting State in which the ships are registered.
5. Covered under the former Serbia and Montenegro double taxation agreement.
6. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.
7. The treaty only grants exemptions for residents of Great Britain and Northern Ireland.

Loadings of Iraqi or Azerbaijan crude at the Botas / Ceyhan crude oil terminal are exempted from payment of the above-mentioned taxes, regardless of vessel's flag or the operator's country of residence.

Remarks

The law states that "the earnings of the foreign transport corporations on sea, land and air transport from Turkey are subject to taxation as per Turkish tax regulations" and that any agreements whereby this responsibility is passed to a third party is not accepted. Therefore, all earnings are subject to taxation which must be paid within 15 days from the vessel's departure.

Owners who wish to claim exemption must produce a certificate from the taxation office of the resident country confirming that the company is taxed in the country of residence. The certificate must state that "the freight earnings of (vessel) are taxed in (country of residence)." Such certificates must be legalised by the Turkish Consulate at the country of issue.

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