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Cyprus: Law & Practice

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CYPRUS

Law and Practice

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SCORDIS PAPAPETROU & Co LLC is a leading, dynamic Cyprus law firm whose roots date back to 1922. The firm and its associated entities comprise more than 35 qualified lawyers and 70 other professionals of various disciplines, working out of offices in Nicosia, Limassol, Athens, Moscow and Valletta. In addition to handling other traditional matters, together with its affiliates and subsidiaries the firm offers a wide range of services, such as internation-

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1. Maritime and Shipping Legislation and Regulation

1.1 Domestic Laws Establishing the Authorities of the Maritime and Shipping Courts

In May 2022, the Cyprus Parliament enacted the Establishment and Operation of a Commercial Court and Admiralty Court Law of 2022 (69(I)/2022), establishing a Commercial Court and an Admiralty Court in Cyprus (see **9.1 Other Jurisdiction-Specific Shipping and Maritime Issues**). The provisions of the law in relation to the new Admiralty Court shall enter into force on the date of publication of a notice by the Supreme Court in the Official Gazette of the Republic of Cyprus on the constitution of the Admiralty Court and its readiness to operate.

Since 1 September 2023, the new Cyprus Civil Procedure Rules of 2023 (the “New Civil Procedure Rules”) have been in effect, outlining specific rules to which the new Admiralty Court and legal professionals must adhere. However, Part 43 of the New Civil Procedure Rules, which refers exclusively to admiralty cases, shall enter into force immediately after the commencement of the new Admiralty Court pursuant to the Estab-

lishment and Operation of a Commercial Court and Admiralty Court Law of 2022 (69(I)/2022).

Until then, the Supreme Court of Cyprus maintains jurisdiction to act as an Admiralty Court sitting as a court of first instance (original jurisdiction) and as a court of appeal (appellant jurisdiction). At first instance, the case is heard by a single judge; on appeal, the case is heard by the full bench.

By virtue of Sections 19(a) and 29(2)(a) of the Courts of Justice Law of 1960 (Law No 14/1960), the Admiralty Court has the same powers and jurisdiction as those of the High Court of Justice in England in its admiralty jurisdiction (as they existed immediately before the independence of Cyprus in 1960). Consequently, the English Administration of Justice Act of 1956 defines the admiralty jurisdiction of the Admiralty Court, and the Cyprus Admiralty Jurisdiction Order 1893 regulates the procedure before the Court.

The District Courts also have limited jurisdiction on maritime claims, but only on referral by the Supreme Court under certain circumstances. Judgments issued by District Courts can be appealed to the Supreme Court.

Pursuant to Section 1(1) of the English Administration of Justice Act 1956, the Supreme Court has jurisdiction to hear and determine any claim:

- relating to the possession or ownership of a ship or to the ownership of any share therein;
- arising between the co-owners of a ship as to the possession, employment or earnings of that ship;
- in respect of a mortgage of or charge on a ship or any share therein;
- for damage done by a ship;
- for damage received by a ship;
- for loss of life or personal injury sustained in consequence of any defect in a ship or in her apparel or equipment, or of the wrongful act, neglect or default of the owners, charterers or persons in possession or control of a ship or of the Master or crew thereof or of any other person for whose wrongful acts, neglects or defaults the owners, charterers or persons in possession or control of a ship are responsible (being an act, neglect or default in the navigation or management of the ship, in the loading, carriage or discharge of goods on, in or from the ship or in the embarkation, carriage or disembarkation of persons on, in or from the ship);
- for loss of or damage to goods carried in a ship;
- arising out of any agreement relating to the carriage of goods in a ship or to the use or hire of a ship;
- in the nature of salvage;
- in the nature of towage in respect of a ship;
- in the nature of pilotage in respect of a ship;
- in respect of goods or materials supplied to a ship for her operation or maintenance;
- in respect of the construction, repair or equipment of a ship, or of dock charges or dues;
- by a Master or member of the crew of a ship for wages;
- by a Master, shipper, charterer or agent in respect of disbursements made on account of a ship;
- arising out of an act that is or is claimed to be a general average act;
- arising out of bottomry; and
- for the forfeiture or condemnation of a ship or goods that are being or have been carried or that have been attempted to be carried in a ship, or for the restoration of a ship or any such goods after seizure or for droits of Admiralty.

The jurisdiction may be invoked by the following.

- An action in rem against the vessel or property in question, if it is lying within the territorial jurisdiction of the court. This territorial jurisdiction extends to the territorial waters, but in practice the arrest of a vessel or the service upon her of a writ in rem is not possible unless the vessel calls at a Cyprus port.
- An action in personam if:
 - (a) the defendant has their residence or a place of business within Cyprus;
 - (b) the cause of action arose in Cyprus; or
 - (c) an action arising out of the same incident or series of incidents is pending or has been determined in the court.

1.2 Port State Control

In Cyprus, the system and powers of port state control are regulated by:

- the Merchant Shipping (Port State Control) Law of 2011 to 2020 (Law 95 (I)/2011) as amended for the purpose of harmonising the Law with EU Directive 2009/16/EC of the European Parliament and of the Council of 23 April 2009 on port state control, as amended;
- the Merchant Shipping (Port State Control) Notification 2015;

- the Merchant Shipping (Port State Control-Duration of Night) Order of 2011;
- the Merchant Shipping (Port State Control-Geographical Areas of Ports and Anchorages) Order of 2017;
- the Merchant Shipping (Community Vessel Traffic Monitoring and Information System) Law of 2004 (Law No 131(I)/2004) as amended; and
- the Relevant Circulars of the Shipping Deputy Ministry of Cyprus, issued from time to time.

Cyprus is also a signatory to the Paris Memorandum of Understanding on Port State Control 1982 and the Mediterranean Memorandum of Understanding on Port State Control 1997.

The Shipping Deputy Ministry to the President of Cyprus (SDM) is the competent port state control authority in Cyprus. It conducts all inspections of foreign ships in Cyprus ports, verifying that crew, ship and any equipment comply with the requirements of international conventions on:

- safety;
- pollution prevention;
- operation;
- management and security;
- qualifications;
- living conditions; and
- terms of employment.

Port State Control officers and officials have the authority to:

- board vessels and inspect them if necessary;
- investigate and copy materials; and
- interject and/or detain ships found to have insufficiencies following inspection or found to have any hazardous materials that may create safety, health or environmental issues.

Moreover, authorities in certain cases may not allow ships entry into Cyprus ports if the ship Masters and operators do not abide by the law and do not provide information as requested by the competent authorities; they may also impose administrative fines.

The Marine Accidents Investigation Committee (MAIC) and the SDM are the authorities responsible for the investigation of marine accidents (casualties and incidents) in the Republic of Cyprus.

In the event of an accident involving a ship flying the Cyprus flag worldwide or a ship flying a foreign flag within Cyprus territorial and internal waters, the Master, owner, manager or agent of such ship must notify the MAIC, by virtue of the Marine Accidents and Incidents Investigation Law of 2012 (Law No 94 (I)/2012, which transposed EU Directive 2009/18/EC into Cyprus's legislation). This notification addressed to the MAIC should include details about the ship's condition, crew status and any injuries, deaths or casualties.

The Marine Accidents and Incidents Investigation Law of 2012 gives the MAIC extensive powers, including access to any relevant area or casualty site and to any evidence or witnesses. However, according to SDM Circular 17/2014, the SDM will continue to be responsible for investigating marine accidents for the following types of ships:

- ships not propelled by mechanical means, wooden ships of primitive build and pleasure yachts/crafts not engaged in trade, unless they are or will be crewed and carrying more than 12 passengers for commercial purposes; and

- fishing vessels with a length of less than 15 metres.

1.3 Domestic Legislation Applicable to Ship Registration

All matters relating to the registration of ships and related transactions in the Register of Cyprus Ships or in the Special Book of Parallel Registration are governed by the Merchant Shipping (Registration of Ships, Sales and Mortgages) Law of 1963, as amended, and by the provisions of the Government Policy on the Registration of Ships under the Cyprus flag.

Applications for the registration of ships and for 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 (the “Registrar”). The provisional registration of ships and other transactions (other than permanent and bareboat-charter registration) may also be effected abroad by a consular officer of the Republic of Cyprus upon instructions issued by the Registrar. In such cases, the transactions are recorded by the Registrar in the Register as from the date and time they were effected by the consular officer.

1.4 Requirements for Ownership of Vessels

A ship may be registered under the Cyprus flag if:

- more than 50% of the shares of the ship are owned by Cypriot citizens or by citizens of other member states of the European Union (EU) or the European Economic Area (EEA) (who, in the instance of not being permanent residents of the Republic of Cyprus, will have to appoint an authorised representative in the Republic of Cyprus); or

- 100% of the shares of the ship are owned by one or more corporations established and operating in accordance with the laws of the Republic of Cyprus or any other EU or EEA member state that has its registered office, central administration or principal place of business within the EEA, or by corporations registered outside the EU or the EEA but controlled by Cypriot citizens or citizens of a member state.

If the corporation is not incorporated and located in Cyprus, either it must appoint an authorised representative in Cyprus or the management of the ship must be entrusted in full to a Cyprus or EU ship-management company located in Cyprus.

Applications for the registration of ships must be made through a Cypriot lawyer, and the ship must be surveyed by an approved classification society at the time of registration.

The corporation is deemed to be controlled by Cypriots or citizens of any other member states when more than 50% of its shares are owned by Cypriots or citizens of any other member states, or when the majority of the directors of the corporation are Cypriot citizens or citizens of any other member state.

An authorised representative may be a Cypriot citizen or a citizen of any other member state who is resident in Cyprus, or a partnership/corporation/branch that is established in accordance with the laws of Cyprus and has its place of business in Cyprus.

Vessels under construction are registrable in Cyprus.

1.5 Temporary Registration of Vessels

In Cyprus, the following three types of registration are allowed:

- provisional;
- permanent; and
- bareboat-charter registration (parallel).

Provisional registration of a ship may remain in force for six months. Thereafter, it may be renewed once, for a further three-month period.

Dual registration and flagging out are permissible in Cyprus. The basis of such types of registration is the bareboat-chartering of a ship by the ship-owner to the charterer on the condition that the respective laws of the underlying registry and of the bareboat registry explicitly permit dual registration and contain preventative covenants whereby matters relating to ownership and to mortgages over the ship shall be exclusively governed by the laws of the ship's underlying register. In addition, the bareboat charterer must undertake to maintain the same safety standards on the ship, even if the chosen bareboat register applies safety standards that are lower than those applied by the ship's underlying register.

1.6 Registration of Mortgages

The Register of Mortgages is entrusted to the Registrar and contains a description of:

- the vessel;
- the owner of the vessel;
- the particulars of the mortgages registered on the vessel; and
- the registered mortgagees.

A mortgage against a ship can be registered at any time after the completion of the vessel's registration under the Cyprus flag. Once created, a mortgage must be deposited with the Registrar

or with a consular officer following instructions of the Registrar. Whether deposited with the Registrar or with a consular officer, the mortgage is recorded in the Register as from the date and time of its deposit, and remains an encumbrance on the ship until it is discharged by the mortgagees.

A Cyprus mortgage consists of a statutory mortgage and collateral deed of covenants (the "Mortgage"). The documentary requirements for the registration of a Mortgage on a Cyprus ship are:

- a written application by a local lawyer;
- resolutions of directors, on behalf of the ship-owners;
- a duly executed power of attorney, on behalf of the ship-owners and the mortgagee;
- the duly executed Mortgage; and
- a Certificate of Directors and Secretary (if the ship-owner is a Cyprus-registered company) or a duly executed Incumbency Certificate (if the ship-owner is a foreign entity).

1.7 Ship Ownership and Mortgages Registry

Although the Cyprus Ships Registry is open to the public, accessibility is limited to physical searches at the Ships Registry itself, upon payment of a search fee.

A transcript of the registration of a registered vessel can be ordered by the public (upon payment of the prescribed fee) evidencing:

- the particulars of the vessel;
- the name and address of the legal owner of the vessel; and
- the details of any registered mortgage (ie, the date and time of its registration and the details of the mortgage).

2. Marine Casualties and Owners' Liability

2.1 International Conventions: Pollution and Wreck Removal

In the event of pollution, the Republic of Cyprus will apply international conventions, EU law and national law, including the following.

- International conventions:
 - (a) the Merchant Shipping (Ship Source Pollution) Law of 2008 (Law 45(I)/2008), as amended;
 - (b) the International Convention on Civil Liability for Oil Pollution Damage of 1969 (CLC) and its Protocols of 1976 and 1992 and Amendments of 2000;
 - (c) the International Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean (Barcelona Convention) 1975 and its amendments;
 - (d) the International Convention for the Establishment of an International Fund for Compensation for Oil Pollution Damage of 1971, and its Protocols of 1976 and 1992 and subsequent amendments;
 - (e) the International Convention on the Prevention of Marine Pollution by Dumping of Wastes and other Matter (London Convention) 1972, as amended (Law No 203/1988);
 - (f) the International Convention for the Prevention of Pollution from Ships (MARPOL) of 1973, as amended by Protocol 1978 and its Amendments;
 - (g) the Basel Convention on the Control of Trans-boundary Movements of Hazardous Wastes and Their Disposal (Basel Convention) 1989;
 - (h) the International Convention on Civil Liability for Bunker Oil Pollution Damage

- (BUNKER) 2001; and
- (i) the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious substances by Sea (HNS) 1996 (Law No 21(III)/2004).

- EU law:
 - (a) the Waste Directive 1975/442/EEC;
 - (b) Directive 2004/35/CE on environmental liability regarding the prevention and remedying of environmental damage;
 - (c) Regulation (EU) No 1257/2013 on ship recycling; and
 - (d) Directive (EU) 2016/802, relating to a reduction in the sulphur content of certain liquid fuels.

Regarding wreck removal, the Nairobi International Convention on the Removal of Wrecks 2007 (Law No 12 (III)/2015) entered into force in Cyprus on 22 October 2015 and requires ships – both Cyprus-flagged and those calling at Cyprus ports – to attest that their insurance will cover any expenses incurred in the removal of a ship that becomes a wreck, or in the removal of a ship that poses a threat to the environment. The Wrecks Law Cap 298 regulates wrecks in Cyprus.

Regarding both wreck removal and pollution, Cyprus is a signatory and a state party to the United Nations Convention on the Law of the Sea (UNCLOS) 1982.

2.2 International Conventions: Collision and Salvage

For collision cases, the International Convention for the Unification of Certain Rules of Law with respect to Collisions between Vessels and Protocol of Signature (Brussels, 23 September 1910) was extended to Cyprus on 1 February 1913 when it was still a British colony, and

still remains in force today. Also, the Maritime Convention Act of 1911, derived from UK law, applies to Cyprus by virtue of Articles 19(a) and 29(2)(a) of the Cyprus Courts of Justice Law of 1960, as amended.

The following have also been ratified by Cyprus:

- the International Convention for the Unification of Certain Rules Concerning Civil Jurisdiction in Matters of Collision of 1952 (Law No 31(III)/1993);
- the International Convention for the Unification of Certain Rules Relating to Penal Jurisdiction in Matters of Collision or other Incidents of Navigation 1952 (Law No 32(III)/1993); and
- the International Regulations for Preventing Collisions at Sea, 1972 (COLREGs) (Law No 18/1980), as amended.

The legislation in relation to salvage is:

- the Convention for the Unification of Certain Rules of Law relating to Assistance and Salvage at Sea and Protocol of Signature (Brussels, 23 September 1910) (extended to Cyprus on 1 February 1913); and
- Part III of the Wrecks Law, Chapter 298.

2.3 1976 Convention on Limitation of Liability for Maritime Claims

The Convention on Limitation of Liability for Maritime Claims of 1976 (the “LLMC Convention”) and its Protocol of 1996 was ratified by Cyprus, by virtue of Law 20(III)/2005.

Furthermore, the Merchant Shipping (Ship-owners’ Insurance for Maritime Claims) Law of 2012 (Law No 14(I)/2012) transposed Directive 2009/20/EC on insurance against maritime

claims subject to the limitations of the LLMC Convention.

2.4 Procedure and Requirements for Establishing a Limitation Fund

Pursuant to Article 11 of the LLMC Convention, any person alleged to be liable may constitute a fund with the court or other competent authority in any state party in which legal proceedings are instituted in respect of claims subject to limitation. The fund shall be constituted in the sum of such amounts set out in Articles 6 and 7 (which set the general limits and the limit for passenger claims, respectively) as are applicable to claims for which that person may be liable, together with interest thereon from the date of the occurrence giving rise to the liability until the date of the constitution of the fund. Any fund thus constituted shall be available only for the payment of claims in respect of which limitation of liability can be invoked.

The ratified Law 20(III)/2005 (see 2.3 1976 Convention on Limitation of Liability for Maritime Claims) provides that a person wishing to set up a limitation fund, as provided for in Article 11 of the LLMC Convention, may set up such a fund in the Supreme Court of Cyprus, upon making an application to the Supreme Court. In the case of a person wishing to set up a limitation fund by lodging a bank guarantee with the Supreme Court of Cyprus, the Supreme Court shall decide on the characteristics and conditions that must be met by such a guarantee.

2.5 Seafarers’ Safety and Owners’ Liability

The Maritime Labour Convention of 2006 applies to Cyprus by virtue of the Maritime Labour Convention, 2006 (Ratification) and for Matters Connected Therewith Law 6(III)/2012, which transposes the Convention into domestic law.

Additional domestic laws regarding seafarers' rights and safety are:

- the Merchant Shipping (Issue and Recognition of Certificates and Marine Training) Laws of 2008 to 2017 (Law 27(I)/2008 as amended);
- the Merchant Shipping (Safe Manning, Hours of Work and Watchkeeping) Laws of 2000 to 2005 (Law 105(I)/2000 as amended);
- the Merchant Shipping (Criminal and Disciplinary Liability of Seafarers, Suspension or Cancellation of Certificates) Laws of 2000 to 2004 (Law 106(I)/2000 as amended);
- the Merchant Shipping (Medical Examination of Seafarers and Issue of Certificates) Laws of 2000 to 2014 (Law 107(I)/2000 as amended);
- the Merchant Shipping (Registration of Seafarers and the Seafarers' Register) Laws of 2000 to 2012 (Law 108(I)/2000 as amended);
- the Merchant Shipping (Official Logbooks, Ship's Articles and Six-Month Lists) Regulations of 2001 (PI 297/2011 as amended); and
- the Merchant Shipping (Masters and Seamen) Laws of 1963 to 2002 (Law 46/1963 as amended).

3. Cargo Claims

3.1 Bills of Lading

Cyprus has adopted the International Convention for the Unification of Certain Rules of Law relating to Bills of Lading 1924 (extended to Cyprus on 2 June 1931), by way of succession.

The UK Bills of Lading Act of 1855 also applies in Cyprus by means of Articles 19 and 29 of the Courts of Justice Law of 1960 (Law No 14/1960), and the Hague Rules are applicable in Cyprus through the Carriage of Goods by Sea Law, Chapter 263.

However, the Hamburg Rules and the Rotterdam Rules have not yet been ratified in Cyprus.

3.2 Title to Sue on a Bill of Lading

Cyprus has adopted the UK Bills of Lading Act 1855 to regulate the transfer of rights under a contract of carriage. Any party to a contract of carriage can sue for damages against the carrier, and against consignees of goods named in a bill of lading and endorsees of a bill of lading, having acquired full proprietary rights upon or by reason of such a consignment or endorsement. Ownership of the cargo will also depend on the way the parties deal with each other, and such dealings may or may not include the transfer of the bill of lading. Such a transfer may extinguish the rights of the original shipper or any intermediary but, in respect of matters for which the shipper still remained at risk, may entitle them to sue.

3.3 Ship-Owners' Liability and Limitation of Liability for Cargo Damages

Pursuant to the LLMC Convention, a ship-owner (defined in the LLMC as the owner, charterer, manager and operator of a seagoing vessel) may limit their liability for the claims set out in Article 2 of the LLMC Convention, which includes claims for loss or damage to property.

The limitation amounts of each incidence are stated in Articles 6 and 7 of the LLMC Convention. However, a person shall not be entitled to limit their liability if it is proved that the loss resulted from their personal act or omission committed with the intent to cause such loss or committed recklessly and with the intent that such loss would probably result.

The Merchant Shipping (Ship-owners' Insurance for Maritime Claims) Law of 2012, which transposed Directive 2009/20/EC on insurance against maritime claims, provides that an opera-

tor of a vessel (being the owner of a seagoing ship or any other person, such as the manager or the bareboat charterer, who has assumed responsibility for operating the ship from the ship-owner and who, on assuming that responsibility, has agreed to undertake all the duties, responsibilities and commitments that are imposed by that Law) shall be required to have insurance covering that ship for maritime claims subject to limitation under the LLMC Convention for an amount, for each incident, equal to the relevant maximum amount for the limitation of liability as laid down in the LLMC Convention, the existence of which is to be proved by a valid certificate carried on board the ship issued by the relevant insurance provider.

Furthermore, Section 502 of the UK Merchant Shipping Act 1894, which applies in the legal system of Cyprus pursuant to the Courts of Justice Law of 1960, provides that a ship-owner of a seagoing vessel shall not be liable to make good (to any extent whatsoever) any loss or damage occurring without their actual fault or privity where any goods, merchandise or other things whatsoever taken in or put on board their ship are lost or damaged by reason of fire on board the ship. Also, Section 503 of the Act provides that the liability of the owner of any ship for (inter alia) damage to any goods caused without actual fault or privity is limited to certain extents.

3.4 Misdeclaration of Cargo

Pursuant to the Carriage of Goods by Sea Law, Cap 263, and provided the contract of carriage is governed by the Hague Rules, the shipper shall be deemed to have guaranteed to the carrier the accuracy of the marks, number, quantity and weight, as furnished by them at the time of shipment. The shipper shall indemnify the carrier against all losses, damages and expenses

arising or resulting from any inaccuracies in such particulars.

The shipper also has a common law duty to notify the carrier of any dangerous cargo. If the shipper fails to declare dangerous cargo, the carrier may also have a claim against the shipper for losses incurred as a direct consequent of the misdeclaration – eg, for damage to the vessel.

3.5 Time Bar for Filing Claims for Damaged or Lost Cargo

When the contract of carriage is governed by the Hague Rules, either by statute or by an agreement, the time limit for commencing proceedings is one year from the date of delivery of the goods or the date when the goods should have been delivered. Otherwise, the Limitation of Actionable Rights Law No 66(I)/2012 (the “Limitation Law”) shall be followed, which is the general law prescribing time bars for all legal actions to be instigated in the Cyprus courts, including admiralty actions. Pursuant to the Limitation Law, the time bar period depends on the nature of the claim, as follows:

- in a claim of breach of contract – six years from the date on which the cause of action accrued;
- for civil wrongs (with certain exceptions including negligence and breach of statutory duty) – six years from the day of completion of the basis of the claim; and
- in a claim in negligence – three years from the time the plaintiff sustained damage or where the negligence caused fresh damage continuing from day to day, from the time the damages ceased to occur.

The period of limitation can be suspended in the following circumstances:

- where the claimant was prevented from commencing proceedings due to a moratorium or force majeure in the last six months of the applicable period of limitation; and
- where the defendant or any other person for whom the defendant is responsible prevented the claimant from instigating proceedings in the last six months of the applicable period of limitation.

The period of limitation can be reset in the following circumstances:

- where the obligor recognises in writing a right to an action against them;
- in the event of a monetary debt, if the obligor pays at least 50% of the aggregate owed sum, including any accrued interest;
- with the commencement of arbitration proceedings; and
- where the court orders that the arbitration award be annulled or cease to have effect.

As soon as the limitation period expires, the court no longer has jurisdiction unless a party with a legitimate interest submits an application, in which case the court may extend the prescribed limitation period for up to two years on an equitable and reasonable basis.

4. Maritime Liens and Ship Arrests

4.1 Ship Arrests

Cyprus is not itself a party to the International Convention Relating to the Arrest of Sea-Going Ships, 1952. However, the English Administration of Justice Act of 1956 ratifies this Convention, and 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).

4.2 Maritime Liens

Cyprus law recognises the following maritime liens that give rise to an action in rem against, and a right to arrest, a vessel:

- lien for damage, which is a lien for the amount of a claim arising only in tort against a vessel as a result of her negligent navigation or operation (such as a collision);
- lien for salvage;
- bottomry;
- lien of the Master, officers and crew for wages and other emoluments; and
- reimbursement to the Master of disbursements made by said Master out of their own pocket on behalf of the owners.

The Supreme Court has jurisdiction to hear and determine all the claims of Section 1(1) of the English Administration of Justice Act 1956, which are all described as “maritime claims” and for which arrest of a vessel can be requested (see **1.1 Domestic Laws Establishing the Authorities of the Maritime and Shipping Courts**).

Maritime liens enjoy certain advantages over certain other permitted actions in rem of Section 1(1) of this Act, in the time of creation of the lien, in priority and in the enforceability of the security. In general, maritime liens are not extinguished by the sale and transfer of ownership of the ship.

4.3 Liability in Personam for Owners or Demise Charterers

A vessel may be arrested at any time, regardless of who its owner is, in an action in rem in respect of a claim related to:

- her possession or ownership (Section 1(1)(a) of the English Administration of Justice Act 1956 (the “Act”));

- a claim by a co-owner as to possession, employment or earnings of that ship (Section 1(1)(b) of the Act);
- a claim under a registered mortgage (Section 1(1)(c) of the Act);
- a claim for her forfeiture or condemnation (Section 1(1)(s) of the Act); or
- a claim by a maritime lien holder or chargee of that vessel.

In all other claims of Section 1(1) of the Act, an arrest can be made in an action in rem where:

- the person who would be liable on the claim in an action in personam was, when the cause of action arose, the owner or charterer of the vessel, or was in possession or control of the vessel; and
- at the time when the action is brought, the vessel is beneficially owned with respect to all the shares therein by that person.

4.4 Unpaid Bunkers

A bunker supplier can arrest a vessel in an action in rem, provided that its claim falls within the permissible in rem action under the Administration of Justice Act 1956 (in particular Section 1.1(m) – “any claim in respect of goods or materials supplied to a ship for her operation or maintenance”).

Although the supply of bunkers may give rise to a maritime claim, that claim is not a claim whereby a vessel may be arrested irrespective of who its owner is (see 4.3 **Liability in Personam for Owners or Demise Charterers**). Therefore, an arrest for unpaid bunkers can only be made in an action in rem where:

- the person who would be liable on the claim in an action in personam was, when the cause of action arose, the owner or charterer

of the vessel, or was in possession or control of the vessel; and

- at the time the action is brought, the vessel is beneficially owned with respect to all the shares therein by that person.

Thus, a bunker supplier who acts as an intermediary whereby the ship-owner/demise charterer has no contractual link and therefore no in personam liability may have no right to arrest. While some physical suppliers have argued that the contractual relationship is established by the bunker receipt, this on its own is unlikely to give rise to a contractual relationship without clear wording, a course of dealing or other evidence to establish an intended contractual relationship.

In the case of a bareboat chartered vessel, the charterer usually assumes full control and management of the ship, including the responsibility for appointing crew, maintaining the ship and covering operational expenses, and is considered the “owner” for the duration of the charter.

4.5 Arresting a Vessel

A warrant for the arrest of a vessel can only be applied for at the time of, or at any time after, the commencement of proceedings in rem against that vessel. Such proceedings are commenced by the issuance of a writ of summons. The name, place of residence and occupation of every claimant and defendant should be included in the structure of the writ of summons, alongside a concise statement of the claim made or the relief or remedy sought.

In order to arrest a vessel, the plaintiff must file an ex parte application, which must be supported by an affidavit. The affidavit must state the nature of the claim, and the aid of the court is required, since the claim remains unsatisfied.

It has now been established that the plaintiff is required to make full and frank disclosure of all the material facts of the case that may influence the judgment of the court.

The claimant is best advised to engage the services of and be represented by a local lawyer. A power of attorney or other form of written authority is not required by the court or the local lawyer, in the case of a foreign litigant. A retainer in writing in the form provided by the Cyprus Civil Procedure Rules is required in the case of a local plaintiff.

The documents supporting the claim may not be notarised or apostilled. However, they must be in a language that is understood by the court; otherwise, they must be officially translated into Greek. Where possible, original documentation should be provided, although the court may order an arrest even if some original documentation is not available.

The court follows the practice of requiring the arresting party to put up security for the issuance of a warrant of arrest. The amount of security ordered varies, and usually depends on the particular judge dealing with the case, the nature of the claim made in the action in which the arrest is ordered, and the extent of that claim.

4.6 Arresting Bunkers and Freight

It is not possible to arrest bunkers themselves in Cyprus. Where the bunker supplier asserts its claim on the basis of a retention of title, this does not give rise to arrest as it is not a maritime claim under Section 1(1) of the English Administration of Justice Act 1956. However, retention of title clauses in contracts may be difficult to enforce and are unlikely to be enforced where the bunkers have already been used or have been mixed with others. Even if such a claim could be effective,

it would require an injunction to detain the vessel until the bunkers were returned.

Also, it is not possible to arrest freight itself, except perhaps in the case of freight at risk, by arresting the cargo in respect of which the freight is due.

4.7 Sister-Ship Arrest

Cyprus law permits the arrest of a ship other than the one in respect of which the claim arose in certain circumstances.

Specifically, Section 3(4) of the English Administration of Justice Act 1956 allows a claimant to invoke the admiralty jurisdiction of the Supreme Court by an action in rem and to obtain a warrant of arrest in respect of certain claims, either:

- against the vessel in connection with which the claim arose, provided that the beneficial owner of that vessel at the time the action is brought is the person who is personally liable to the claimant in respect of the claim, as owner or charterer of the vessel; or
- against any other ship that is beneficially owned by that owner or charterer.

4.8 Other Ways of Obtaining Attachment Orders

Apart from a formal arrest, when it is not possible to file an admiralty action in rem against a vessel, Article 32 of the Courts of Justice Law, Law 14 of 1960, empowers the courts to make interim orders to protect assets that may be at risk of alienation or in order to preserve a particular status quo pending the final determination of an action, provided that the following conditions are all satisfied:

- a serious question arises to be tried at the hearing;

- there appears to be a “probability” that the plaintiff is entitled to relief; and
- it would be difficult or impossible to carry out complete justice at a later stage unless an order is made.

Interim measures include freezing orders with domestic or worldwide effect and “Chabra” type orders. Thus, a vessel may be effectually detained by the issuance of a freezing order in the context of the main action in the civil courts instituted against the owner.

Furthermore, Section 30 of the Merchant Shipping (Registration of Ships, Sales and Mortgages) Law (Law 45/63) provides that the Supreme Court may, on the application of any interested person and if the Court thinks fit, make an order prohibiting any dealing with the ship or any shares therein for a specified time.

A vessel may also be detained by Cyprus competent authorities for breaches under various international maritime conventions or local laws (eg, the Merchant Shipping (Port State Control) Laws of 2011 and 2015).

4.9 Releasing an Arrested Vessel

Pursuant to the Cyprus Admiralty Jurisdiction Order of 1893, the court may, by order and upon a written application, direct the release of the arrested vessel upon such terms relating to security as it deems fit.

Therefore, the owner or interested party has to apply to the court for the release of the arrested vessel. The form of security usually requested by the court is a bank guarantee issued by a licensed financial institution in Cyprus. Unless the arresting party consents, it is unlikely that the court will accept a club Letter of Indemnity (LOI) or a foreign bank’s guarantee.

4.10 Procedure for the Judicial Sale of Arrested Ships

Pursuant to Rule 74 of the Cyprus Admiralty Jurisdiction Order of 1893, the Supreme Court can appoint the Admiralty Marshal of the Court or any other person to appraise the arrested vessel or to sell that vessel, either with or without appraisal, either before judgment (*pendente lite*) or after final judgment, on the application of any party and by its order. The sale may be ordered to be by public auction (the sale procedure adopted in most cases) or by private treaty.

The sale is advertised in the local press and in appropriate shipping publications. The proceeds from the sale of a ship are paid into the court and, upon an application by any judgment creditor, will be distributed to all judgment creditors who claimed a share of the proceeds, in order of priority.

Whenever an arrest order is issued by the Supreme Court, the arrested vessel is placed under the safe custody and supervision of the Admiralty Marshal and/or the Deputy Admiralty Marshal(s), who are appointed pursuant to Rule 5 of the Cyprus Admiralty Jurisdiction Order of 1893 (in practice, the Court appoints the Admiralty Marshal in almost all cases). The Admiralty Marshal acts as the custodian/bailee of the arrested vessel, with the duty to ensure that the property and crew of the vessel are safe and in good condition or health at all times (and to comply with the relevant orders issued by the Court in the course of the legal proceedings from which the arrest order originates).

The ordinary order of priority of claims is as follows:

- Marshal expenses in connection with the arrest, custody and sale;

- recoverable legal costs of the arresting party (up to and including the arrest) and the party who obtained the order for the appraisal and judicial sale;
- possessory liens;
- maritime liens;
- claims of the Republic of Cyprus for fees, dues and tonnage taxes, in the case of a Cyprus-flag vessel;
- claims under registered mortgages;
- claims under foreign or unregistered mortgages;
- administrative fines imposed by the competent authorities of Cyprus; and
- other maritime claims.

4.11 Insolvency Laws Applied by Maritime Courts

The Companies Law, Cap 113, as amended (the “Law”), contains proactive self-help provisions afforded to companies, similar to US Chapter 11 protection. It is a process whereby the protection of the court is obtained to assist the survival of the company, and essentially allows a company to restructure with the approval of the court.

Upon a request being submitted to it, the court may appoint an examiner to assess the state of affairs of the company and to perform such duties in relation to the company as may be imposed by or in accordance with the provisions of the Law if:

- the court considers that a company is, or is likely to be, unable to pay its debts;
- any resolution regarding the liquidation of the company has not been approved and published in the Official Gazette of the Republic; and
- no decree has been issued for the liquidation of the company.

The court shall issue an order only if it is satisfied that there is a reasonable prospect of the survival of the company and of all or any part of that undertaking as an active entity (going concern). The court granting an order for the appointment of an examiner places the company under court protection for a certain period of time. The examiner formulates a scheme of arrangement, which requires the approval of at least one class of creditors before it can be brought before the court for approval.

The question of whether an order on the arrest and judicial sale of a vessel owned by owners that are under the proceedings mentioned above can be granted has not yet been decided before the Supreme Court. However, the Law provides that the following provisions will apply for as long as a company is under the protection of the Court:

- no liquidation proceedings may be instituted against the company, nor may a resolution for liquidation be adopted in relation to that company, and any resolution thus adopted shall have no effect;
- no seizure in the hands of a third party, suretyship, seizure or execution shall take place in respect of the property or objects of the company, except with the consent of the examiner;
- in the event that any claim against the company is secured by a mortgage, lien or pledge on or affecting all or any part of the company’s property, objects or income, no action may be taken for the liquidation of all or any part of this security, except with the consent of the examiner; and
- no measures may be taken to recover goods held by the company in accordance with any lease agreement, except with the consent of the examiner.

4.12 Damages in the Event of Wrongful Arrest of a Vessel

Damages for “wrongful arrest” may be awarded in favour of the owner of the arrested vessel, if the arresting party has acted in bad faith or through gross negligence (the relevant English law principles are followed).

5. Passenger Claims

5.1 Laws and Conventions Applicable to the Resolution of Passenger Claims

The main international conventions and domestic laws applicable to Cyprus for maritime passenger claims are as follows.

- The LLMC Convention, specifically its Article 2.1(b) (and subject to certain exceptions mentioned in Articles 3 and 4), pursuant to which claims in respect of loss resulting from delay in the carriage by sea of cargo, passengers or their luggage shall be subject to limitation of liability.
- Regulation (EU) No 1177/2010 concerning the rights of passengers when travelling by sea and inland waterways.
- The Merchant Shipping (Liability of Carriers of Passengers by Sea in the Event of Accidents) Law No 5(I)/2014, transposing Regulation (EC) No 392/2009 on the liability of carriers of passengers by sea in the event of accidents into national law (although Cyprus is not a contracting member of the Athens Convention, Law No 5(I)/2014 incorporates provisions of that Convention). This sets out limitations of liability for death, personal injury, and loss and damage to luggage and vehicles.
- The Shipwrecked Passengers Law, Chapter 297, which sets limitations for the amount recovered for expenses related to the har-

bouring and forwarding of shipwrecked passengers.

See 3.5 Time Bar for Filing Claims for Damaged or Lost Cargo regarding the time bar for filing court claims in Cyprus for bringing a claim in breach of contract and in negligence.

Claims for indemnities for personal injury of a passenger can be recognised as maritime claims.

6. Enforcement of Law and Jurisdiction and Arbitration Clauses

6.1 Enforcement of Law and Jurisdiction Clauses Stated in Bills of Lading

Cyprus courts will generally recognise and enforce a jurisdiction clause stated in a bill of lading. However, they may still consider whether there are adequate grounds for displacing the prima facie presumption of insisting on the parties honouring their bargain. This presumption may be rebutted for “good and sufficient reasons”.

In relation to jurisdiction clauses, the Cyprus courts will take the following factors into consideration:

- the country in which the evidence on the matters in dispute is situated or readily available;
- the relevant benefits of each alternative jurisdiction in terms of facilitating a better trial at less cost;
- to what extent the foreign law applies to the matters in dispute and, if this is the case, to what extent it is substantially different from Cyprus law;

- the country to which each of the parties is linked and how close this connection is;
- whether the defendant sincerely wishes the issue in question to be tried somewhere else or whether they are just seeking a procedural advantage; and
- to what extent the plaintiffs will be prejudiced in the case of filing proceedings abroad.

As a general rule, an express choice of law by the contracting parties will be recognised and upheld by the Cyprus courts. On 20 April 2006, Cyprus ratified the Rome Convention by Law 15(III) of 2006, and Regulation (EC) No 593/2008 (“Rome I”) has applied since 17 December 2009. In accordance with Article 5 of Rome I, in the absence of an express or implied choice of law, the proper law shall be the law of the country of habitual residence of the carrier, provided that the place of receipt, the place of delivery or the habitual residence of the consignor is also situated in that country. If those requirements are not met, the law of the country where the place of delivery (as agreed by the parties) is situated shall apply.

6.2 Enforcement of Law and Arbitration Clauses Incorporated Into a Bill of Lading

General words in a bill of lading incorporating into it all the terms and conditions of another document (such as a charterparty) may not be sufficient to incorporate an arbitration clause contained in that document into the bill of lading such as to make its provisions applicable to disputes arising under the bill of lading.

However, if a bill of lading contains specific words that attempt to incorporate an arbitration clause of, for example, a charterparty, the Cyprus courts may recognise and enforce the arbitration clause if the provisions in the charterparty are worded in such a manner as to make

sense in the context of the bill of lading, and if they do not conflict with any express term contained in the bill of lading.

6.3 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards

Cyprus has ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (Law No 84/1979) (the “New York Convention”).

Upon its accession to the New York Convention on 29 December 1980, Cyprus made a specific reservation of reciprocity: “The Republic of Cyprus will apply the Convention, on the basis of reciprocity, to the recognition and enforcement of awards made only in the territory of another Contracting State; furthermore, it will apply the Convention only to differences arising out of legal relationships, whether contractual or not, which are considered as commercial under its national law.”

Domestic arbitration proceedings in Cyprus are governed by the Arbitration Law of 1944, Chapter 4, and international arbitration proceedings are governed by the International Arbitration in Commercial Matters Law 101/1987, which is almost identical to the UNCITRAL Model Law.

6.4 Arrest of Vessels Subject to Foreign Arbitration or Jurisdiction

Although a foreign jurisdiction clause does not deprive the Cyprus courts of their jurisdiction, strong reasons must be presented as to why such a clause should be disregarded. The existence of an arbitration or a foreign jurisdiction clause must in any case be expressly disclosed when applying *ex parte* for the arrest; such information is considered to be relevant for establishing the *in rem* jurisdiction of the Admiralty Court,

so it is necessary for the Court to reach the right conclusion regarding the arrest. Non-disclosure of such a clause may result in the discharge of the order and the release of the vessel.

6.5 Domestic Arbitration Institutes

There is no domestic arbitration institute in Cyprus specialising in maritime claims.

The most prominent arbitration institutions in Cyprus are:

- the Cyprus Arbitration and Mediation Centre;
- the Cyprus Branch of the Chartered Institute of Arbitrators; and
- the Cyprus Eurasia Dispute Resolution and Arbitration Centre.

6.6 Remedies Where Proceedings Are Commenced in Breach of Foreign Jurisdiction or Arbitration Clauses

Proceedings that have commenced, notwithstanding the foreign jurisdiction clause or arbitration clause, can be challenged by the defendant by an application for stay.

Where an application for stay has been filed, a Cyprus court has discretion to decide whether to grant a stay. In practice, however, a stay of proceedings will be granted by the court unless a strong cause for not doing so is shown; the burden of proving such a cause lies with the party requesting the stay. When exercising its discretion, the court should take into account all the circumstances of the case.

7. Ship-Owner's Income Tax Relief

7.1 Ship-Owner's Income Tax Relief

Generally, the Cyprus corporate tax system comprises the following key characteristics.

- Corporate tax rate of 12.5% for trading operations.
- Exemption from tax in almost all inbound dividend payments.
- Exemption from:
 - (a) taxation of profits derived by foreign permanent establishments; and
 - (b) withholding tax on payment of interest, dividends and royalties.
- No capital gains tax.
- An extensive double-tax treaty network.

Cyprus offers:

- complete tax exemption of all profits and dividends at all levels of distribution arising from qualifying shipping operations;
- no stamp duty payable on bills of sale and mortgages on Cyprus ships and related documents; and
- no capital gains tax payable on the sale and transfer of a ship or shares in a shipping company.

Furthermore, the Cyprus Parliament enacted the Merchant Shipping (Fees and Taxing Provisions) Law of 2010 (which applied retroactively from 1 January 2010 for ten years); by a decision of the European Commission, this tonnage tax law has been extended for a further ten years with the enactment of the Merchant Shipping (Fees and Taxing Provisions) (as amended) Law of 2020, which applies from 1 January 2020 to 31 December 2029. The latter Law is fully compatible with the requirements of the EU acquis on State Aid to Maritime Transport.

The tonnage tax system (TTS) is based on the payment by qualified persons of tonnage tax on the basis of the net tonnage of ships, and provides full exemption from all income taxes that

would normally be imposed under the Cyprus income and defence tax laws.

Pursuant to the Merchant Shipping (Fees and Taxing Provisions) (as amended) Law of 2020, the TTS is available to qualifying ship-owners, charterers (bareboat, demise, time and voyage) and ship managers (providing technical and/or crewing services) who respectively own, charter or manage a qualifying ship engaged in a qualifying shipping activity and in ancillary activities to maritime transport.

The tax exemption for qualifying ship-owners covers:

- profits from the use of a qualifying vessel;
- profits from the disposal of a qualifying vessel and/or a share and/or interest in it;
- profits from the disposal of shares in a ship-owning company;
- dividends paid out of the aforementioned profits at all levels of distribution; and
- interest income relating to the financing/maintenance/use of a qualifying vessel and the working capital, excluding interest on capital used for investments.

If a qualifying owner earns income from a qualifying shipping activity and at the same time earns income from a non-qualifying shipping activity, the income that is not subject to tonnage tax is subject to corporation tax at the normal rate of 12.5%. If mixed income is earned (tonnage tax and corporation tax), separate books must be kept.

8. Implications of Non-performance, the IMO 2020, Trade Sanctions and the War in Ukraine

8.1 Non-performance of a Shipping Contract

Cyprus law recognises the defence of force majeure. This is a contractual defence; in order for it to apply, it must be expressly provided for in a relevant contract that governs the relationship between the parties.

Furthermore, the circumstances giving rise to the force majeure must be clearly mentioned in the shipping contract, and the relevant facts must fit into those circumstances. For a party to be able to invoke force majeure in respect of a particular issue, the relevant shipping contract must clearly set out that the performance of that party's obligations thereunder may be postponed or excused in circumstances where the party is prevented from such a performance (such as late delivery of goods, non-arrival of a chartered vessel, slow ratio of loading or discharging as a result thereof) as well as the relevant causal link with the particular event.

The circumstances that are said to give rise to force majeure must not be induced by that party's own actions or omissions – ie, those circumstances must be beyond that party's control. If an appropriate force majeure clause has not been inserted into a shipping contract, a party may be unable to rely on an event of a force majeure nature unless such an event amounts to frustration.

Pursuant to the Cyprus Contract Law (Cap 149), a contract will be deemed automatically discharged where it becomes illegal or otherwise impossible to perform (by an event unforeseeable at the time of the contract). However, if

performing the shipping contract or any other contract would be merely financially undesirable, a party will not be able to argue that the contract is frustrated and therefore be terminated immediately.

No judgments have yet been issued from Cyprus courts that provide any guidance on force majeure in relation to either the COVID-19 pandemic or to the war in Ukraine. However, in either case (or in any similar one, such as the war in Palestine/Israel and the events in the Red Sea), if a party files an action with Cyprus courts, such a case will most likely qualify as force majeure, provided that the force majeure clause is included in the contract and there is evidence of the causal link.

8.2 Enforcement of the IMO 2020 Rule Relating to Limitation on the Sulphur Content of Fuel Oil

The enforcement of the IMO 2020 is delegated to national governments via Annex VI of the MARPOL agreement of 1973, as amended by Protocol 1978 (MARPOL 73/78). Cyprus has already ratified MARPOL 73/78 and all related legislation.

Since 1 January 2020, ships sailing in waters under the jurisdiction of the Republic of Cyprus must use fuels of which the maximum sulphur content does not exceed 0.5% by mass. Directive (EU) 2016/802 sets stricter limits for the maximum sulphur content of marine fuels within the port areas of the EU, according to which the maximum sulphur content of marine fuels entering such ports should not exceed 0.10% by mass.

The authorities responsible for the enforcement of sulphur-content limitations are the SDM and the Ministry of Energy, Commerce and Industry.

The relevant inspections are carried out according to the Paris MoU on Port State Control and the Merchant Shipping (Port State Control) Law of 2011 (Law 95 (I)/2011) as amended, which is the harmonisation Law with Directive 2009/16/EC of the European Parliament and of the Council of 23 April 2009 on port state control, as amended.

No known proceedings/sanctions have taken place in Cyprus owing to a violation of the sulphur limitation, except for administrative fines imposed by the relevant authorities.

8.3 Trade Sanctions

As a member state of the United Nations and the EU, Cyprus is obliged to enforce and implement restrictive measures (the EU refers to sanctions as “restrictive measures”) adopted by the Council of the EU within the framework of the Common Foreign and Security Policy, as well as international sanctions adopted by the United Nations Security Council (UNSC) under Chapter VII of the UN Charter.

Cyprus implements all the resolutions and decisions of the UNSC on sanctions, as well as the regulations and decisions of the Council of the EU on restrictive measures, through its domestic Law of 2016 (58(I)/2016), which provides for the Implementation of the Provisions of the Resolutions or Decisions of the United Nations Security Council (“Sanctions”) and the Decisions and Regulations of the Council of the European Union (“Restrictive Measures”).

Important sections of Law 58(I)/2016 (among others) are as follows:

- Section 3(1) designates the competent authorities for securing the implementation of Sanctions/Restrictive Measures in Cyprus,

and these are defined in accordance with the provisions of Section 59 of the Prevention and Suppression of Money-Laundering Activities Laws of 2007;

- Section 4 provides for strict penalties for non-compliance (including the possibility of imprisonment and criminal prosecution); and
- Section 6 provides for the transmission of data/information to the police, when a competent authority ascertains that a person commits any act in violation of Sanctions and Restrictive Measures.

In addition, the increasing scope of EU sanctions on Russia is having an impact on all sectors of EU economic activity, including shipping. The EU recently adopted the 12th package of sanctions against Russia, the focus of which is to impose additional import and export bans on Russia, and to combat sanctions circumvention and close loopholes. In particular, this package includes additional listings of Russian individuals and companies as well as new import and export bans – such as banning the exportation of Russian diamonds to Europe. Moreover, the package tightens the implementation of the oil price cap by more closely monitoring how tankers may be used to circumvent the cap. It also includes stricter asset-tracing obligations and tougher measures on third-country companies circumventing sanctions.

Apart from the foregoing, Cyprus has no legal obligation to follow other countries' sanctions, although many shipping companies do abide by such sanctions.

8.4 The War in Ukraine

The legal and commercial implications of the war in Ukraine on maritime law and trade are multi-faceted. Maritime law is affected by changes in shipping routes, security measures and insur-

ance considerations owing to the conflict. Trade in Cyprus is experiencing disruptions in supply chains, impacting on imports and exports.

A critical first step for those affected is to ensure compliance with sanctions and other restrictive measures. Affected parties should also assess whether sanctions, other restrictive measures or the wider disruption caused by the war in Ukraine might affect contractual performance, either directly or indirectly. The affected parties need to consider the following, inter alia.

- Specific clauses and the steps required to exercise rights under those clauses (and whether those steps are themselves compliant with sanctions).
- Consequences that may arise by operation of law in any relevant jurisdiction – for example:
 - (a) the discharge of a contract due to force majeure or frustration;
 - (b) obligations to comply with mandatory laws;
 - (c) local law formalities or reporting obligations; or
 - (d) obligations to document disruption to the supply chain or an inability to perform (such as when asserting force majeure).
- Other factors that could inform their approach – for example:
 - (a) market practice;
 - (b) regulatory rules or guidance; or
 - (c) the impact on related agreements.
- The consequences of taking particular steps – are they discharged from their obligations or are they just suspended or amended, and are those consequences themselves compliant with sanctions?
- Where any disputes will be resolved.
- Whether renegotiation of their agreement is necessary, desirable or lawful.

No judgments have yet been issued from Cyprus courts concerning matters relating to non-performance of obligations owing to the aforementioned war.

9. Additional Maritime or Shipping Issues

9.1 Other Jurisdiction-Specific Shipping and Maritime Issues

The “One Stop Shipping Centre” (the “OSS Centre”) operating within the SDM, commenced operations on Monday 20 November 2023. The primary objective of the OSS Centre is to broaden its scope to encompass shipping-related matters that currently fall under the responsibility of other government departments and ministries, in order for these matters to be consolidated and handled from the same point (namely the SDM).

As a first step, the OSS Centre provides services to all shipping companies, as well as to companies whose activities are related to shipping and that are based in Cyprus, on issues falling within the competency of the Civil Registry and Migration Department. At this stage, the OSS Centre receives applications (for which physical presence is required in order to obtain biometric data) at the premises of the SDM in Limassol, for the following services.

- Applications for issuance of Registration Certificates (MEU1) to European Union (EU/EEA) citizens who will be employed in Cyprus by Shipping Companies. Applications will also be accepted for the issuance of Residence Cards (MEU2) for family members of EU/EEA citizens who are not themselves citizens of the EU.
- Applications for issuance/renewal of Temporary Residence and Employment Permits in

Cyprus for third-country nationals (ie, non-EU/EEA) to be employed by shipping companies (BCS).

- Applications for residence permits for family members of third-country nationals employed by shipping companies (MFR, VIS and CYE).

Within the framework of expanding the scope of issues concerning the shipping industry to be handled by the OSS Centre is the enactment of the Limited Liability Shipping Company Law of 2022 (the “LLSC Law”). The LLSC Law provides for a new type of corporate entity as a limited liability company with the sole purpose of owning and operating Cyprus ships. It contains provisions dealing with all matters from the establishment through to the liquidation of a limited liability shipping company (LLSC), and with matters related to the share capital, management and encumbrances of an LLSC. It also provides that a Register of LLSCs will be established and be supervised by the SDM, which currently acts as the Registrar of Cyprus Ships as well. Any companies owning Cyprus ships that are already registered in the existing Cyprus Companies Register will be able to request transfer to the new LLSC Register.

In this way, the SDM is becoming the central point of reference for ship-owning companies and their shareholders, dealing with all matters of shipping law as well as with matters that, until recently, would have fallen within the competence of the Cyprus Registrar of Companies.

In order to modernise the justice system and implement a more efficient and faster resolution of disputes, the Establishment and Operation of a Commercial Court and Admiralty Court Law of 2022 (69(I)/2022) was enacted on 12 May 2022, establishing a Commercial Court and an Admiralty Court. The provisions of said law in rela-

tion to the new Admiralty Court shall enter into force on the date of publication of a notice by the Supreme Court in the Official Gazette of the Republic of Cyprus.

Once operational, the Admiralty Court shall have jurisdiction to hear and determine at first instance all admiralty cases (as defined therein), in any other law or procedural regulation or in any agreement of the parties, or arising under EU law, an international treaty or any rule of private international law, irrespective of:

- whether the ship is of Cyprus ownership or registered in the Register of Cyprus Ships;
- the domicile, residence or place of business of the defendant or the respondent or, in the case of a legal person, the place of its registered office or place of business;
- the place where the claims arise; and
- whether there are mortgages and/or charges, and regardless of whether they are registered in Cyprus or are legal or in accordance with equity law, including mortgages and charges established under foreign law.

Any decision or order of the Admiralty Court shall be subject to appeal to the Supreme Court. This notwithstanding, an order of the Admiralty Court for a preliminary referral of a matter to the Court of Justice of the European Union or for the dismissal of a party's application for such a preliminary referral shall not be subject to appeal.

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