

Shipping dividends; Court of First Instance rules on legality of imposed Special Solidarity Contribution

The First Instance Administrative Court of Athens recently ruled as unlawful the imposition of the Special Solidarity Contribution (art. 29 of Law 3986/2011) on shipping dividends deriving from the exploitation of foreign flag vessels, managed by a Greek Law 27/1975 office. The claimants had received the dividends in question from a foreign holding company controlling the ship owning company.

The court ruling (no. 7242/2018) invokes in its reasoning the exemption from any tax, duty, contribution or withholding of income earned by shareholders of foreign ship owning companies, which derives from the exploitation of vessels managed by a Law 27/1975 office, either directly or through a holding company, pursuant to article 26 of said law. In addition, the decision stresses out the special purpose of the provisions of Law 27/1975, which is to attract Greek-owned ships to the Greek Shipping Register and encourage the establishment of ship management companies in Greece, referring also to the importance that the legislator has attached to them through the constitutional protection of some of those provisions. The Court also focuses on the nature of the special solidarity contribution as a tax burden, thus concluding that it falls within the scope of the special shipping dividend tax exemption of article 26.

This is perhaps the first time over the past few years, that a court ruling acknowledges the significance of the shipping regime in the context of a tax dispute, taking into consideration the purpose served by such regime. We anticipate with great interest the progress of the dispute.

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