



State aid: Commission approves Portuguese tonnage tax and seafarer scheme

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The European Commission has approved under EU State aid rules a Portuguese tonnage tax scheme which, together with a scheme to support seafarers, will encourage ship registration in Europe and contribute to the competitiveness of maritime transport while preserving employment in the sector and promoting high environmental standards.

Commissioner Margrethe **Vestager**, in charge of competition policy, said: "*The Portuguese measures that we approved today will help the EU shipping industry to remain competitive on the global market, while protecting know-how and jobs in the maritime transport sector.*"

Under the newly introduced **Portuguese tonnage tax scheme**, maritime transport companies will pay taxes on the basis of the net tonnage (i.e. the size of the shipping fleet) operated in maritime transport activities rather than on the basis of their taxable profits.

In particular, tonnage taxation will be applied to a shipping company's:

- **core revenues** from maritime transport activities, such as cargo and passenger transport;
- certain **ancillary revenues** that are closely connected to shipping activities (which are capped at a maximum of 50% of a ship's operating revenues); and
- revenues from **towage** and **dredging** subject to certain conditions.

In addition, for certain more environmentally-friendly ships, companies can achieve an additional reduction of 10% to 20% of the tax base under the tonnage tax scheme.

The tonnage tax scheme requires that if a shipping company wants to benefit from the scheme, a significant part of its fleet must fly the flag of a European Economic Area (EEA) state. This will encourage shipping companies to register their ships in the EEA and will prevent any discrimination between shipping companies and registries of different EEA states, thus preserving the internal market rules on freedom of establishment.

Moreover, the newly introduced **Portuguese seafarer scheme** exempts seafarers employed on vessels that are eligible under the tonnage tax scheme from paying personal income tax. It also allows them to pay reduced rates of contribution for social insurance.

The Commission assessed the measures under EU State aid rules, in particular its [Guidelines on State aid to maritime transport](#). It concluded that the Portuguese scheme is in line with EU State aid rules because it will provide incentives to maintain the maritime industry and jobs within the EU, whilst preserving competition within the EU Single Market.

Both the tonnage tax and seafarer schemes will remain in force for ten years.

Background

To address the risk of flagging out and relocation of shipping companies to low-tax countries outside of the EU, the Commission's 2004 [Guidelines on State aid to maritime transport](#) allow Member States to adopt measures that improve the fiscal climate for shipping companies. The most prominent of such measures is tonnage tax, whereby shipping companies can apply to be taxed based on a notional profit or the tonnage they operate, instead of being taxed under the normal corporate tax system. Only companies that are active in maritime transport (defined as the transport of goods and persons by sea) are eligible for measures under the Maritime Guidelines. In addition, under the Maritime Guidelines, beneficiaries are required to increase and at least maintain a certain share of their fleet under an EEA flag.

Since 2004, the Commission's decision-making practice under the Maritime Guidelines has further clarified the eligible transport activities and compatibility conditions to ensure that the main objectives of the Maritime Guidelines are met. The Commission ensures in particular that there is no spill-over of the favourable tax treatment of shipping companies into other sectors unrelated to maritime transport,

that there is no discrimination against other EEA State registries, and that the aid does not exceed the ceiling set out in the Maritime Guidelines.

The Commission's most recent decisions concern the Swedish tonnage tax scheme (Case [SA.43642](#)), a German scheme for the reduction of social contributions for seafarers (Case [SA.45258](#)), the Lithuanian tonnage tax scheme (Case [SA.45764](#)), the Belgian tonnage tax scheme ([SA.41330](#)) and the Maltese tonnage tax scheme and other support measures ([SA.33829](#)). The Portuguese tonnage tax and seafarer scheme is the first specific scheme for maritime transport activities applicable throughout Portugal.

The non-confidential version of the decision will be made available under the case number SA.48929 in the [State aid register](#) on the Commission's [competition](#) website once any confidentiality issues have been resolved. New publications of state aid decisions on the internet and in the Official Journal are listed in the [State Aid Weekly e-News](#).

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