



## State aid: Commission approves Italian tax measures for maritime transport

Brussels, 11 June 2020

The European Commission has approved under EU State aid rules the prolongation until end 2023 of various Italian support measures for maritime transport under Italy's "International Registry" scheme. The scheme encourages shipping companies to register their ships in Europe and so ensure higher social, environmental and safety standards.

Italy has also committed to a number of changes to its scheme to avoid undue competition distortion as well as to prevent any discrimination between shipping companies and registries of different European Economic Area (EEA) States.

Under the "International Registry" scheme, shipping companies are granted a corporate tax reduction and other benefits. Following the changes to which Italy has committed, the special corporate tax reduction for shipping companies will be applied to a shipping company's:

- **core revenues** from shipping activities, such as cargo and passenger transport;
- certain **ancillary revenues** that are closely connected to shipping activities (capped at a maximum of 50% of a ship's operating revenues);
- revenues from **towage** and **dredging**, subject to certain conditions; and
- **bareboat charter-out** and **time and/or voyage charter-in** activities, subject to a number of conditions.

The Italian measure, as amended and approved today, requires that if a shipping company wants to benefit from the "International Registry" regime, at least a large part of its fleet flies the flag of an EU or EEA State.

In this respect, the Italian authorities have committed to extend the benefits of the scheme to **all** eligible ships that fly an EEA flag. This will prevent any discrimination between shipping companies and registries of different EEA States and preserve internal market rules on freedom of establishment.

The Commission assessed the amended measures under EU State aid rules, in particular its [Guidelines on State aid to maritime transport](#). It concluded that, in light of commitments to which Italy will have to comply within seven months from the adoption of the Commission decision, the Italian scheme is in line with EU State aid rules.

In particular, the scheme will contribute to the competitiveness of the EU maritime transport sector and encourage ship registration in Europe, while at the same time preserving Europe's high social, environmental and safety standards and ensuring a level playing field.

On this basis, the Commission approved the Italian scheme and its prolongation until 2023 under EU State aid rules.

### 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. 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.

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. This can reduce the overall level of taxes paid and increase their predictability for the companies. Under seafarer schemes, labour costs (i.e. income tax and social security contributions) for seafarers employed on board vessels flying the flag of EU or European Economic Area (EEA) Member State may be partly or totally reduced.

In its application of the Maritime Guidelines, the Commission is determined to ensure consistency and equal treatment of shipping companies throughout the EU whilst at the same time making sure that any beneficial tonnage tax and seafarer schemes do not contravene internal market rules. 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 EU or 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 Estonian tonnage tax and seafarer scheme (Case [SA.53469](#)), the prolongation of the Cyprus tonnage tax and seafarer scheme (Case [SA.51809](#)), the prolongation of the Danish seafarer scheme (Case [SA.52069](#)), and the extension of the Belgian seafarer scheme (Case [SA.56475](#)).

The non-confidential version of the decision will be published under the case numbers SA.48260 in the [State aid register](#) on the Commission's [competition website](#) once any confidentiality issues have been resolved. The [State Aid Weekly e-News](#) lists new publications of state aid decisions on the internet and in the EU Official Journal.

IP/20/1039

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