

By PwC Deutschland | 30. April 2014

Application for tonnage tax from year of first voyage

The Supreme Tax Court has held that the first year in which application for tonnage tax may be made is the year of the first voyage of the ship for the operator.

Up to December 31, 2005 application for tonnage tax on the income from ships sailing in international waters was to be made in the year of the first earnings or in one of the two years immediately following. The finance ministry took this to mean that the first year of the application period was the year in which the first, incidental, operating income was earned or expense incurred. On this basis a tax office rejected an application for tonnage tax made in the year of a newly built ship's maiden voyage as having been filed out of time. It pointed out that the first operating expense – "negative income" – had been incurred over three years ago. The expense referred to was bank interest on a loan taken out to finance the first instalment paid to the shipbuilders.

The Supreme Tax Court has now contradicted this position by holding that the application period does not begin to run until all the conditions are met. This includes actual operations in international waters. Thus the tonnage tax application for a new ship cannot be filed before the year of her maiden voyage.

It should be noted that the law changed for 2006. From then on application for tonnage tax must be made in the year in which the ship was taken into commission. Earlier incidental income or expense is to be ignored.

Supreme Tax Court judgment IV R 15/13 of January 16, 2014 published on April 30

Schlagwörter

tonnage tax