



INFORMATION SHEET 12

Subject:	Cyprus - Guernsey DTT		
Authored:	December 2015	Updated	-----
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Reference:	Cyprus - Guernsey Double Tax Treaty		

General

The Double Tax Treaty (DTT) signed between Cyprus and Guernsey on 29 July 2014 was entered into force on 4 March 2015, following the completion of the relevant procedures between the two countries, with the treaty provisions with respect to withholding taxes coming into effect on 1 January 2016.

The new double tax treaty with Guernsey is expected to further strengthen the island's treaty network and will contribute to the further development of trade and economic relations between the Republic of Cyprus and Guernsey as well as other countries. The Cyprus – Guernsey DTT is expected to promote the combined use of Cypriot and Guernsey companies in international tax structuring.

The double tax treaty agreement is based on the model agreement for the avoidance of double taxation of the OECD Model Convention for the Avoidance of Double Taxation on Income and on Capital).

Tax Withholding Rates

The DDT's relevant withholding tax rates with respect to dividends, interest and royalties are as follows:

- a) Dividends: 0%
- b) Interest: 0%
- c) Royalties: 0%

Capital Gains

With respect to the capital gains tax the treaty provides that gains derived by a Cyprus company from the alienation of immovable property located in Guernsey may be taxed in Guernsey.

Gains derived by a Cyprus company from the alienation of shares of a Guernsey company (irrespective of the underlying assets of the company of which the shares are being disposed) may be subject to taxation in Cyprus only.

Permanent Establishment

The permanent establishment definition included in the treaty is in line with the definition provided in the OECD model tax convention. In particular, any building site or construction or installation project or any supervisory activities in connection with such site or project constitutes a permanent establishment only if it lasts more than twelve months.

Note

The information in this document is intended as a guide only and every reasonable effort was made to ensure the accuracy and timeliness of the information. In no circumstances shall we be legally bound by any information contained in this document, and shall accept no liability in respect of loss caused by reliance on such information.

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