



INFORMATION SHEET 14

Subject:	Cyprus Double Tax Treaties		
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General

Cyprus has signed Double Tax Treaties (DTTs) and conventions with 61 countries.

DTTs are agreements between two countries that aim to eliminate the double taxation of income and/or gains arising in one country and paid to tax residents persons (companies or individuals) of another country. Their use is to divide and clearly define the taxing rights of each country.

Under the tax treaties, tax residents of Cyprus who are subject to taxes imposed by foreign countries are entitled to certain benefits (i.e. credits, exemptions and reductions in the rate of taxes of those foreign countries).

From a Cyprus tax perspective, benefits relating to tax treaties signed by Cyprus with other countries, generally, are available to tax residents of Cyprus. They generally are not available to Cypriot citizens or Cyprus incorporated companies who are not Cyprus tax residents.


History of DTTs

Tax treaties originated in late 19th and early 20th century and took the form of "friendship, commerce, and navigation" agreements. In the early 1920s, the League of Nations developed the first model agreement to prevent double taxation. The first model agreement was the stepping stone of the first Organisation for Economic Co-operation and Development (OECD) Model Convention, the UN Model and other modern tax treaties.

This early tax treaty model and the work done by the League of Nations were significantly influenced by a basic recognition that countries have an interest, both for themselves as nations and on behalf of their nationals, to eliminate obstacles relating to international trading relationships and activities resulting by double taxation of the same income.

At the same time, it was recognized that each country may nevertheless had a legitimate claim to a shared tax base associated with the international trade. Countries recognized as well that their national interests were better served in attracting foreign investment, by recognizing their mutual tax interests.

The global economy was starting to become more integrated in the 1950s and the intention was to assist businesses and governments by helping to avoid double taxation and to prevent tax evasion.



In 1956, began a collective project aimed for the development of uniform tax treaty provisions under the umbrella of the European Economic Co-operation (OEEC). And this is how the OECD Model Tax Convention was born.

By 1963 a full draft was ready even though, it was not until 1977 that the model Double Taxation Convention was 'officially' published. The 1963 version was basically the consolidation of four earlier models, the first one of which was published in 1958. This is why it is considered that the birth of the OECD model was 1 July 1958.

To date, the OECD Model Tax Convention has been updated numerous times, 2014 being the latest update.

Currently, most of the tax treaties signed by Cyprus are based on the OECD model convention despite the fact that Cyprus is not a member of the OECD.

Purpose of DTTs

Cyprus, as many other countries, has found it essential to enhancement unilateral measures by entering into a network of bilateral tax treaties with its principal commercial partners with which its taxpayers are involved in trade and/or investments.

The main purpose of a tax treaty is the avoidance of double taxation of income earned.

Other significant objectives of the tax treaties include the reduction of source country withholding rates on passive income such as interest, dividends and royalties, prevention of tax evasion on income and capital gains, tax administration cooperation, encourage cross-border trade and providing a mechanism for resolving tax disputes between the treaty countries.

Most notable DTTs

Although Cyprus has fewer tax treaties in force than some of its main competitor jurisdictions, its treaty network covers a very broad range of countries, with the most important being:

- EU countries: UK, Germany, Spain, Poland, Romania, Switzerland and France;
- Eastern European countries: Ukraine and Belarus;
- North America countries: USA and Canada;
- Middle East countries: Egypt, Kuwait, UAE, Bahrain, Iran and Qatar;
- Transcaucasia countries: Armenia and Georgia;
- Far East Countries: Singapore, Thailand;
- BRICS countries: Russia, India, China and South Africa;

Cyprus is constantly expanding its treaty network in a targeted way and to this respect it has almost 40 treaties currently under negotiation.
















Treaties Under Negotiation



Cyprus is currently negotiating new treaties with the below countries:




















Africa		Europe	Americas	Middle East	Far East and Transcaucasia area	
Algeria	Morocco	Andorra	Bermuda	Iraq	Kazakhstan	Sri Lanka
Angola	Mozambique	Luxembourg	Guyana	Israel	Hong Kong	Vietnam
Botswana	Nigeria	Monaco	Panama	Jordan	Indonesia	South Korea
Ghana	Tunisia	Netherlands	Barbados	Oman	Malaysia	
Kenya	Uganda	Albania	Argentina	Saudi Arabia	Pakistan	
Libya	Zimbabwe	Andorra	Colombia		Bangladesh	

Cyprus Double Tax Treaties

As at 4 January 2017

No.	Flag	State	Date of Signature of Treaty/Protocol/ Note	Date of entry into force	Date of Publication in the Official Gazette of the Republic (Number and date)
1		Austria (New agreement)	20 Mar 1990 21 May 2012	10 Nov 1990 11 Jan 2013	2500 - 27 Apr 1990 4160 - 5 Oct 2012
2		Bulgaria	30 Oct 2000	3 Jan 2001	3461 - 30 Dec 2000
3		Belarus	29 May 1998	12 Feb 1999	3273 - 9 Oct 1998
4		Belgium	14 May 1996	8 Dec 1999	3365 - 19 Nov 1999
5		Canada	2 May 1984	3 Sep 1985	2053 - 31 May 1985
6		China	25 Oct 1990	5 Oct 1991	2578 - 22 Feb 1991
7		Denmark Treaty Notes (New Agreement*)	26 May 1981 11 Oct 2010	10 Aug 1981 10 Apr 1982 7 Sept 2011	1704 - 17 Jul 1981 2034 - 24 Sep 1982 4145 - 5 Sept 2011
8		Egypt	18 Dec 1993	14 Mar 1995	2865 - 11 Mar 1994
9		Ethiopia	30 Dec 2015		4204 - 18 Jan 2016
10		France	18 Dec 1981	1 April 1983	1468 - 9 Jul 1982
11		Germany (New Agreement)	9 May 1974 18 Feb 2011	11 Oct 1977 16 Dec 2011	1199 - 27 Jun 1975 4145 - 5 Sept 2011
12		Greece	30 Mar 1968	16 Jan 1969	651 - 10 May 1968
13		Hungary	30 Nov 1981	24 Nov 1982	862 - 7 May 1982
14		India New Agreement	13 Jun 1994 18 Nov 2016	21 Dec 1994 14 Dec 2016	2921 - 4 Nov 1994 4216 - 25 Nov 2016
15		Ireland	24 Sep 1968	12 Jul 1970	726 - 19 May 1969

16		Italy Treaty Protocol (Additional Protocol)	24 April 1974 7 Oct 1980 4 Jun 2009	9 June 1983	1586 - 5 Sep 1980 4 Jun 1982 4125 - 4 Jun 2010
17		Kuwait (New Agreement)	15 Dec 1984 5 Oct 2010	25 Sep 1986 30 Aug 2013	2026 - 18 Jan 1985 4145 - 5 Sept 2011
18		Lebanon	18 Feb 2003	14 Apr 2005	3976 - 8 Apr 2005
19		Malta	22 Oct 1993	11 Aug 1994	2860 - 25 Feb 1994
20		Mauritius	21 Jan 2000	12 Jun 2000	3410- 2 Jun 2000
21		Norway (New agreement)	2 May 1951 24 Feb 2014	1 Jan 1955 8 July 2014	11 Jun 1956 4180 – 20 Jun 2014
22		Poland (New agreement)	4 Jun 1992 22 Mar. 2012	9 Jul 1993 11 Jan 2013	2735 - 4 Sep1992 4156 - 30 Mar. 2012
23		Romania	16 Nov 1981	8 Nov 1982	1757 - 26 Feb 1982
24		Russia (Amendment Protocol)	5 Dec1998 7 Oct 2010	17 Aug 1999 2 April 2012	3306 - 26 Feb 1999 4145 - 5 Sept 2011
25		South Africa Treaty Protocol	26 Nov 1997 1 April 2015	8 Dec 1998 18 Sept 2015	3214 - 16 Jan 1998 4195 - 8 May 2015
26		Sweden	22 Oct 1988	14 Nov1989	2377 - 20 Jan 1989
27		Syria	15 Mar 1992	22 Feb 1995	2863 - 4 Mar 1994
28		Singapore	24 Nov 2000	8 Feb 2001	3641 - 30 Dec 2000
29		Thailand	27 Oct 1998	4 April 2000	3394 - 17 Mar 2000
30		United Kingdom Treaty Protocol	20 Jun1974 2 Apr 1980	1 Nov1974 15 Dec 1980	1107 - 5 Jul 1974
31		USA	19 Mar 1984	31 Dec 1985	1944 - 4 April 1984
32		Serbia*	29 Jun1985	8 Sep1986	2073 - 23 Aug1985
33		Montenegro*	29 Jun1985	8 Sep 1986	2073 - 23 Aug1985
34		Slovenia* (New Agreement)	29 Jun1985 12 Oct 2010	8 Sep 1986 14 Sept 2011	2073- 23 Aug1985 4145 - 5 Sept 2011
35		Slovakia**	15 April 1980	30 Dec 1980	1599 - 3 May1980
36		Czech Republic (New agreement)	15 April1980 28 April 2009	30 Dec 1980 26 Nov 2009	1599 - 3 May1980 4114 - 13 Nov 2009
37		Azerbaijan***	29 Oct 1982	26 Aug 1983	26 Nov 1982
38		Armenia	17 Jan 2011	19 Sept 2011	4145- 5 Sept 2011
39		Kyrgyzstan***	29 Oct 1982	26 Aug 1983	26 Nov 1982
40		Moldova	28 Jan 2008	03 Sept 2008	4098 - 29 Aug 2008
41		Tajikistan***	29 Oct 1982	26 Aug 1983	26 Nov 1982
42		Uzbekistan***	29 Oct 1982	26 Aug 1983	26 Nov 1982

43		Ukraine*** (New agreement) New Protocol	29 Oct 1982 8 Nov 2012 11 Dec 2015	26 Aug 1983 1 Jan 2014	26 Nov 1982 4167 - 22 March 2013 4203 – 23 Dec 2015
44		Seychelles	28 Jun 2006	27 Oct 2006	25 Oct 2006
45		San Marino	27 April 2007	18 July 2007	4088 - 13 July 2007
46		Qatar	11 Nov 2008	20 Mar 2009	4099 - 14 Nov 2008
47		UAE	27 Feb 2011	1 Jan 2014	4145 - 5 Sept 2011
48		Estonia	15 Oct 2012	8 Oct. 2013	4146 - 1 Febr 2013
49		Finland	15 Nov 2012	27 Apr. 2013	4167 - 22 Mar. 2013
50		Portugal	19 Nov 2012	1 Jan. 2014	4167 - 22 Mar. 2013
51		Bosnia*	29 June 1985	8 Sept 1986	2073 - 23 Aug 1985
52		Lithuania	21 June 2013	1 Jan 2015	4173 - 4 Dec 2013
53		Spain	14 Feb 2013	28 May 2014	4167 - 22 Mar 2013
54		The States of Guernsey	15 July 2014	4 Mar 2015	4182 – 14 Aug 2014
55		Swiss Confederation	25 July 2014	15 Oct 2015	4181 – 30 Jul 2014
56		Iceland	13 Nov 2014	22 Dec 2014	4191 – 19 Dec 2014
57		Kingdom of Bahrain	9 March 2015	26 April 2016	4193 – Mar 2015
58		Georgia	13 May 2015	4 Jan 2016	4195 – 29 May 2015
59		Iran	4 Aug 2015		4198 – 25 Aug 2015
60		Latvia	24 May 2016	27 Oct 2016	4211 – 3 June 2016
61		Jersey	11 July 2016		4213 – 5 Aug 2016

Notes

*Denmark - The existing Convention ceased to have effect as from 1.1.2012.

* The treaty between Cyprus and the Socialist Federal Republic of Yugoslavia is still in force.

** The treaty between Cyprus and the Czechoslovak Socialist Republic is still in force.

***The treaty between Cyprus and the Union of Soviet Socialist Republics is still in force.

Withholding Tax (WHT) on Dividend, Interest and Royalties

No tax is withheld on payments relating to dividends, interest and royalties rights not used within Cyprus irrespective of the existence of a double tax treaty with the recipient's country.

The below table and notes list the maximum withholding rates that may be deducted from income received by a Cyprus tax resident from a resident of a country that has signed a tax treaty with Cyprus.

The actual withholding rate may be lower based on each paying country's domestic law provisions or be higher in case the foreign country refuses to apply the double tax treaty.

No.	State	Dividends %	Interest %	Royalties %
1	Austria	10	0	0
2	Bulgaria	5/10 5% applies for companies holding at least 25% of the share capital of the company paying the dividend. In all other cases 10%.	0/7 0% if paid to the Government / Central Bank / Public Authority of the other state.	10
3	Belarus	5/10/15 5% applies if the investment is not less than €200.000 in the share capital of the company paying the dividend. If such investment is less than €200.000, the withholding rate is increased to 15% which could be subsequently be reduced to 10% if the recipient company controls 25% or more of the paying company.	5	5
4	Belgium	10/15 15% applies if received by a company holding less than 25% of the share capital of the paying company and if received by an individual.	0/10 0% if paid to the Government/ Central Bank/ Public Authority of the other state.	0
5	Canada	15	0/15 0% if paid to the Government / Central Bank / Public Authority of the other state or for export	0/10 0% on literary, dramatic, musical or artistic work with the exception of films used for television programs.



			guarantee.	
6	China	10	10	10
7	Denmark	0/15 0% if paid to the Government / Central Bank / Public Authority of the other state. 15% applies if received by a company controlling less than 10% of the share capital of the paying company or the duration of any holding is less than one uninterrupted year. A rate of 15% also applies if received by an individual.	0	0
8	Egypt	15	15	10
9	Ethiopia	5	5	5
10	France	10/15 15% applies if received by a company holding less than 10% of the capital of the paying company and if received by an individual.	0/10 0% if paid to a Government, bank, or financial institution.	0/5 5% applies on royalties for cinematographic films including films and video tapes for television.
11	Germany	5/15 15% applies if received by a company holding less than 10% of the capital of the paying company and if received by an individual.	0	0
12	Greece	25	10	0/5 5% applies on cinematographic film royalties (other than films shown on television).
13	Hungary	5/15 15% applies if received by a company holding less than 25% of the share capital of the paying company and if received by an individual.	0/10 0% if paid to Government/ Central Bank/Public Authority of the	0

			other state.	
14	India	10	0/10 0% if paid to a Government, bank, or financial institution.	10
15	Ireland	0	0	0/5 5% applies on cinematographic film royalties (other than films shown on television).
16	Italy	15	10	0
17	Kuwait	0	0	5
18	Lebanon	5	5	0
19	Malta	0	10	10
20	Mauritius	0	0	0
21	Norway	0/15 0% if the beneficial owner is a company which holds directly at least 10% of the capital of the company paying the dividends or if the beneficial owner of the shares is the Government of Cyprus or Norway. 15% in all other cases.	0	0
22	Poland	0/5 0 % if the recipient company holds directly at least 10% of the share capital of the paying company for an uninterrupted period of at least 2 years. 5% in all other cases.	0/5 0% if paid to the Government / Central Bank / Public Authority of the other state.	5
23	Romania	10	0/10 0% if paid to the Government/ Central Bank/ Public Authority of the other	0/5 5% applies for patents, trademarks, designs or models, plans, secret formulas, or processes, or any industrial,

			state.	commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
24	Russia	5/10 10% applies on dividend if paid by a company in which the beneficial owner has invested less than €100.000 in the share capital of the company paying the dividend.	0	0
25	South Africa	5/10 5% applies if the beneficial owner is a company which holds at least 10% of the capital of the company paying the dividend. 10% in all other cases.	0	0
26	Sweden	5/15 15% applies if received by a company holding less than 25% of the share capital of the paying company and if received by an individual.	0/10 0% if paid to the Government/ Central Bank/ Public Authority of the other state.	0
27	Syria	0/15 15% applies if received by a company holding less than 25% of the share capital of the paying company and in all cases if received by an individual.	0/10 0% if paid to the Government/ Central Bank/ Public Authority or for export guarantee.	10/15 10% applies on payment of royalties of any copyright of literary, artistic or scientific work including cinematograph films, and films or tapes for television or radio broadcasting. 15% on payments of royalties of any patent, trademark, design or model, plan, secret formula or process, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience

28	Singapore	0	0/7/10 0% if paid to the Government or Public authority of the other state. 7% if paid to a bank or financial institution.	10
29	Thailand	10	10/15 10% on interest received by financial institutions, on interest paid in connection with industrial, commercial, scientific equipment or the sale or merchandise between two companies.	5/10/15 10% on right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience. 15% for patents, trademarks, designs, models, plans, secret formulas or processes.
30	United Kingdom	0/15 The treaty provides for 15% withholding tax but the local taxation provides for 0% withholding tax. Companies controlling at least 10% of the voting shares are entitled to 0% tax.	10	0/5 5% applies on film royalties, including films used for television programs.
31	USA	5/15 15% applies if received by a company controlling less than 10% of the voting power of the paying company and in all cases if received by an individual.	0/10 0% if paid to the Government of the other State or to a financial institution	0
32	Serbia	10	10	10
33	Montenegro	10	10	10
34	Slovenia	5	0/5 0% if paid to the Government of the other State	5

			or to a financial institution	
35	Slovakia	10	0/10 0% if paid to the Government/ Central Bank/ Public Authority of the other state.	0/5 0% on literary, artistic or scientific work including films.
36	Czech Republic	0/5 0% if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends where such holding is being possessed for an uninterrupted period of not less than one year. 5% in all other cases.	0	10
37	Azerbaijan	0	0	0
38	Armenia	0/5 5% applies if dividends are paid by a company in which the beneficial owner has invested less than €150.000.	0/5 0% if paid to the Government / Central Bank / Public Authority of the other state.	5
39	Kyrgyzstan	0	0	0
40	Moldova	5/10 5% applies if the beneficial owner is a company (other than a partnership) which holds directly at least 25% of the capital of the company paying the dividends. 10% in all other cases.	5	5
41	Tajikistan	0	0	0
42	Uzbekistan	0	0	0
43	Ukraine	5/15 5% applies if the dividend is	2	5/10 5% applies on payment of

		received by a company owning at least 20% of the capital of the dividend paying company or has invested in the acquisition of shares or other rights of the dividend paying company of at least €100.000. 15% in all other cases.		royalties in respect of any copyright of scientific work, any patent, trade mark, secret formula, process or information concerning industrial, commercial or scientific experience. 10% in all other cases.
44	Seychelles	0	0	5
45	San Marino	0	0	0
46	Qatar	0	0	5
47	UAE	0	0	0
48	Estonia	0	0	0
49	Finland	5/15 5% applies if the dividend is received by a company (other than a partnership) which controls directly at least 10% of the voting rights in the company paying the dividends. 15% in all other cases.	0	0
50	Portugal	10	10	10
51	Bosnia	10	10	10
52	Lithuania	0/5 0% if the beneficial owner is a company (other than a partnership) which holds directly at least 10% on the capital of the company paying the dividends. 5% in all other cases.	0	5
53	Spain	0/5 0% if the dividend is received by a company (other than a partnership) holding at least 10% of the capital of the dividend paying company. 5% in all other cases.	0	0
54	The States of Guernsey	0	0	0

55	Swiss Confederation	0/15 0% if (a) a company the capital of which is wholly or partly divided into shares and which holds directly at least 10% of the capital of the company paying the dividend for an uninterrupted period of at least one year, (b) a pension fund or other similar institution recognized as such for tax purposes, or (c) the Government, a political subdivision, local authority or central bank of one of the two contracting states. 15% in all other cases.	0	0
56	Iceland	5/10 5% applies if received by company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividend. 10% in all other cases.	0	5
57	Kingdom of Bahrain	0	0	0
58	Georgia	0	0	0
59	Iran	5/10	5	6
60	Latvia	0/10 If the recipient company will not be the beneficial owner of the dividend the withholding tax rate will be 10%	0/10 If the recipient company will not be the beneficial owner of the interest the withholding tax rate will be 10%	0/5 If the recipient company will not be the beneficial owner of the royalty the withholding tax rate will be 5
61	Jersey	0	0	0

TAXATION DEPARTMENT, COSTAS TSIELEPIS & CO LTD

The Taxation Department of Costas Tsielepis & Co Ltd is comprised of tax professionals with decades of experience in the field in Cyprus and abroad. Their in-depth understanding of tax concepts, the workings of double-tax treaties, their experience and knowledge of the Cyprus local tax legislation and its usages, their detailed comprehension of indirect tax matters in Cyprus and the EU, all position them uniquely to offer comprehensive and authoritative advice to their clients.

The Department's consultants use real-world experience and technical expertise to assess, analyse and then formulate forward-thinking tax effective solutions that preempt potential short and long-term consequences, thus helping clients implement decisions that can deliver long-lasting value to their personal and businesses plans and strategies.

The Taxation Department of Costas Tsielepis & Co Ltd and our network of associates in Cyprus and worldwide are at your disposal for more information and advice on the above and other tax matters.

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