COSTAS TSIELEPIS & CO
AUDIT | TAX | ADVISORY

INFORMATION SHEET 16

Subject:	Cyprus - Luxembourg sign Double Tax Treaty		
Authored:	May 2017	**Updated**	------------------------------
Company:	Costas Tsielepis & Co Ltd		
Reference:	Cyprus - Luxembourg Double Tax Treaty		

General

Cyprus and Luxembourg signed a Double Tax Treaty (DTT) on Monday, 8 May 2017. The Double Taxation Avoidance Agreement is expected to strengthen economic ties between the two EU member states.

Tax Withholding Rates

The treaty is based on the OECD Model Tax Convention framework and provides for the following withholding tax rates on dividends, interest and royalty payments:

- **Dividends:** 0% withholding tax on dividends paid to a company that holds directly at least 10% of the capital of the dividend paying company; otherwise, the rate will be 5%.
- **Interest and Royalties**: 0% withholding tax on interest and royalties paid to a resident of the other contracting state.

Gains from the sale of shares of companies holding immovable property will be taxed in the country where the immovable property is situated.

The treaty also includes provisions for the exchange of financial and other information in accordance with the OECD model treaty.

Entering Into Force

The treaty will enter into force once both countries exchange notifications that their formal ratification procedures have been completed. The relevant provisions with respect to taxes will go into effect in both contracting states on or after 1 January following the date the treaty enters into force.

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