

NOTES

- (a) This rate applies to individual shareholders regardless of their % of shareholding. Companies controlling less than 10% of the voting shares are also entitled to this rate.
- b(1) 5% on TV and film royalties b(2) 5% on film royalties b(3) 5% on patent royalties
- (c) 10% if the recipient company holds at least 10% of the capital of the paying company.
- (d) 15% if received by a company controlling less than 25% of the voting power.
- (e) 15% if received by a company controlling less than 10% or more of the voting power.
- (f) 10% if received by a company controlling 10% or more of the voting power.
- g(1) Nil if paid to the Government of the other state g(2) Nil if paid to a Government, Bank or Financial Institution g(3) Nil if paid to a Government or for export guarantee
- h(1) If controlling 25% or more of the voting power h(2) If controlling less than 25% of the voting power
- (i) Nil on literary, dramatic, musical or artistic work.
- (j) If investment is less than €200,000 dividends are subject to 15% withholding tax which is reduced to 10% if the recipient company controls 25% or more of the paying company.
- (k) No withholding tax for interest on deposits with banking institutions.
- (l) This rate does not apply if the payment is made to a Cyprus company by a Bulgarian resident owing directly or indirectly at least 25% of the share capital of the Cyprus company.
- (m) 5% if received by a company controlling less than 50% of the voting power
- (n) The treaty provides for withholding taxes on dividends, but Greece does not impose any withholding taxes in accordance with its own legislation.
- (p) 10% for payments of a technical, managerial or consulting nature.
- (q) 10% if dividend paid by a company in which the beneficial owner has invested less than US\$100,000
- (r) 7% if paid to a Bank or financial institution
- (s) 10% on interest received by a financial institution or when it relates to sale on credit of any industrial, commercial or scientific equipment or merchandise

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Double Tax Treaties with Cyprus

Optimization of the Corporate Tax Structure

DOUBLE TAX TREATIES

Cyprus has build an impressive network of double taxation agreements with more than 40 Countries.

The existence of these agreements distinguishes Cyprus from the other international business centres due to the fact that although many of the well known offshore tax jurisdictions impose even lower or zero tax on the company profits, they do not have double tax treaties to avoid taxation in both countries.

The purpose of the double tax treaties is the protection of income derived in one country and remitted to another, from being subject to taxation in both jurisdictions as well as to introduce mechanisms for combating tax avoidance, to exchange tax information and to resolve tax disputes.



Treaties usually provide for a tax credit to the recipient of the income for the amount of tax that has already been paid in the country where the income has originated.

In practical terms, what the combination of these factors means is that in many cases a Cyprus legal entity, owned by non-residents, can receive profits generated in other countries, e.g. Eastern European countries, with minimal or no tax withholding in these countries or in Cyprus. These profits can be paid to the foreign investor without the payment or withholding of any additional tax.

The typical forms of income which fall within the scope of the treaties are dividends, interest and royalties.

Received in Cyprus (Paid from Cyprus to)	Dividends%	Royalties%	Interest%
1.Armenia	NIL	NIL	NIL
2.Austria	10	NIL	NIL
3.Azerbaijan	NIL	NIL	NIL
4.Belarus	5	5	5
5.Belgium	10 (d)	NIL	10(g,l,k)
6.Bulgaria	5 (c)	10(l)	7(g,l)(l)
7.Canada	15	10	15
8.China	10	10	10
9.Czech Republic	10 (NIL)	NIL	10(g,l)
10.Denmark	15 (10)	NIL	10(g,l)
11.Egypt	15	10	15
12.France	15(f)	NIL(b.1)	10(g,l)
13.Germany	10(d) (25)	NIL(b.1) (b.2)	10(g,l)
14.Greece	25(n) (10 (d))	NIL(b.2) (b.1)	10 (g.1)
15.Hungary	5(d) (NIL)	NIL	10(g.1)
16.India	10(e)	15(p)	10(g.1)
17.Ireland	NIL	NIL(b.2)	NIL
18.Italy	15 (NIL)	NIL	10
19.Kuwait	10	5	10(g.1)
20.Kyrgystan	NIL	NIL	NIL
21.Malta	NIL (15)	10	10
22.Mauritus	NIL	NIL	NIL
23.Moldova	NIL	NIL	NIL
24.Montenegro	10	10	10
25.Norway	NIL(m)	NIL	NIL
26.Poland	10	5	10(g.1)
27.Romania	10	NIL(b.3)	10(g.1)
28.Russia	5(q)	NIL	NIL
29.Serbia	10	10	10
30.Singapore	NIL	10	10(g.1)(r)
31.Slovakia	10	5	10(g.1)
32.Slovenia	10	10	10
33.South Africa	NIL	NIL	NIL
34.Sweden	5	NIL	10(g.1)
35.Syria	NIL(d)	10	10(g.3)
36.Tajikistan	NIL	NIL	NIL
37.Thailand	10	5	15(s)
38.Ukraine.	NIL	NIL	NIL
39.United Kingdom	15(a) (NIL)	NIL(b.1)	10
40.USA	5(e) (NIL)	NIL	10(g.2)
41.Uzbekistan	NIL	NIL	NIL
42.Yugoslavia	10	10	10
Non Treaty Countries	NIL	NIL	NIL