

Newsletter 1

30 September 2014

DOUBLE TAX TREATIES

Cyprus enters into three new DTTs

Cyprus recently entered into three new Double Tax Treaties (DTTs) with Guernsey, Switzerland and Lithuania, respectively.

On July 15 2014, Cyprus signed a new double tax agreement with Guernsey. The Guernsey authorities signed the agreement on July 29. This is the first comprehensive double tax agreement between the two jurisdictions. The agreement will enter into force once the necessary ratification procedures have been completed. The 2004 agreement on the taxation of savings income between Cyprus and Guernsey will remain in force, but the double tax agreement will be much more beneficial to taxpayers once it takes effect.

The agreement provides for dividends, interest and royalties paid by a resident of Guernsey to a recipient in Cyprus to be taxable only in Cyprus, and vice-versa.

On July 25 2014, Switzerland and Cyprus signed a new agreement for the avoidance of double taxation. The agreement is the first to be signed between the two countries. The agreement will enter into force when the two governments inform one another that the requisite constitutional procedures have been completed.

The new double tax agreement between Cyprus and Lithuania which was signed on 21 June 2013, is now in force and will take effect from 1 January 2015.

Dividend payments will be subject to a withholding tax of 0% if the recipient is a company and (a) is the beneficial owner of the dividends, and (b) has a minimum direct holding of 10% of the capital of the company paying the dividends. Otherwise dividend payments will be subject to a 5% withholding tax, provided that the recipient is the beneficial owner of the dividends.

The material contained in this newsletter is provided for general information purposes only and is not intended to constitute accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.

Neither **Hassapis & Co (Accountants Auditors) Ltd** nor any of its employees accept any liability for any loss or damage caused to any person relying on any information or omission contained in the newsletter.

For further information, please do not hesitate to contact us! We will endeavour to help you in any way possible!