



Russia to keep double tax treaty with Cyprus

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In the course of talks, Cyprus agreed to Russia's terms on amending the double tax treaty (DTT) between the states by raising tax of the source to 15% on dividends and interest, – Russia's Finance Ministry informs.

As part of negotiations, Cyprus succeeded in keeping the reduced tax rates, 0 % and 5% as the case may be, for insurance companies, pension funds, as well as the companies, shares of which are traded on the exchanges. In addition, interest payments from corporate, government bonds and Eurobonds will still be exempt from the 15%-withholding tax.

The new developments will not affect royalties. The zero rate will be kept for royalty payments.

The protocol with the amendments has already been ratified; it will take force starting January 1, 2021.

It should be recalled that similar proposals to amend DDTs were also sent to Malta and Luxemburg and in early August – to the Netherlands.

According to Deputy Finance Minister Alexey Sazanov, Malta and Luxemburg have "substantially" agreed to amend their DTTs in line with the conditions proposed by Russia. Talks with Malta and Luxemburg on amendment of current DTTs will be finalized shortly after negotiations with Cyprus are over.

The position of the Netherlands on the amendments has not been available yet.

Russia considers Switzerland and Hong Kong to make similar proposals to amend the DTTs, as explained by Deputy Prime Minister Alexey Overchuk.

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