

Russia and Cyprus reach consensus over tax treaty

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Talks between Russia and Cyprus (the Parties) over the double taxation treaty have resulted in agreement to leave the current treaty in force, but to make amendments to increase withholding tax rates for dividends and interest to 15%.

The Parties also have agreed to maintain tax benefits for regulated entities, public companies (where they meet specific criteria) and certain kinds of bonds. The current relief for royalties is also set to be preserved. The Parties initialed a draft protocol (i.e., they agreed on the final text prior to signing). The protocol is due to be signed in September 2020 and is expected to take effect from 1 January 2021.¹

As reported recently in a previous EY Global Tax Alert, similar actions have been initiated by Russia with respect to double taxation treaties with Luxembourg, Malta and the Netherlands.² The Russia-Cyprus changes are likely to be taken into account in these ongoing negotiations.

Endnotes

1. https://minfin.gov.ru/ru/press-center/?id_4=37146-v_minfine_rossii_proshli_peregovory_mezhdu_rossiei_i_kiprom_ob_izmenenii_nalogovogo_soglasheniya.
2. See EY Global Tax Alert, [Russia notifies Luxembourg and Malta of tax treaty changes](#), dated 17 April 2020.

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EYG no. 005609-20Gbl

1508-1600216 NY
ED None

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