

Cyprus and Jersey sign first time double tax treaty

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In brief

Cyprus and Jersey signed a first time double tax treaty on 11 July 2016, opening the way for new investment opportunities and trade relations between the two parties. Cyprus subsequently ratified the treaty on 5 August 2016. The treaty will take effect from 1 January in the year following that in which all legal formalities to bring the treaty into force are completed.

The treaty provides for 0% withholding tax rates on dividends, interest and royalties.

In detail

A first time double tax treaty between Cyprus and Jersey was signed on 11 July 2016 and was subsequently ratified by Cyprus on 5 August 2016. The treaty will take effect from 1 January in the year following that in which all legal formalities to bring the treaty into force are completed.

The treaty provides for 0% withholding tax rates on

dividends, interest and royalties.

For capital gains, per the terms of the treaty Cyprus retains the exclusive taxing right on disposals by Cyprus tax residents of shares in Jersey companies (including Jersey companies holding Jersey located immovable property), except in cases where the greater part of the value of the shares relates directly or indirectly to certain offshore rights/property

relating to exploration or exploitation of the seabed or subsoil or their natural resources in Jersey.

The takeaway

This treaty further expands the Cyprus double tax treaty network, and opens the way for new investment opportunities and trade relations between the two parties.

Let's talk

For a deeper discussion of how this development might affect you or your business, please contact:

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