
Double Tax Treaty between Cyprus and Bahrain enters into force

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In brief

The first-time double tax treaty between Cyprus and Bahrain signed on 9 March 2015 recently entered into force, and per the provisions of the treaty it will take effect as from 1 January 2017.

In detail

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The treaty provides for no withholding tax on payments of dividends, income from debt claims and royalties.

For capital gains, under the treaty Cyprus retains the exclusive taxing right on disposals by Cyprus tax residents of shares in Bahraini companies, including Bahraini companies holding Bahrain located immovable property.

The takeaway

Cyprus has an ideal geographic location for the establishment of regional headquarters for business in Eastern Europe, North Africa and the Middle East. The treaty between Cyprus and Bahrain expands even further the Cyprus tax treaty network in the region.

Let's talk

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

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