Tax Insights
from Tax Services Policy

Cyprus – Oman: First-time Double Tax Treaty: Effective 1 January 2026

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In brief

According to an update in the website of the Cyprus Ministry of Finance ("**MoF**"), the first-time double tax treaty between Cyprus and Oman (the "**DTT**"), signed on 8 December 2024, entered into force on 5 March 2025.

Based on the provisions of the DTT, it is effective as from 1 January 2026.

A Cyprus MoF announcement at the time of signature stated that the DTT "is based on the OECD Model Convention for the Elimination of Double Taxation on Income and on Capital and on the UN Model Tax Agreement, and incorporates all the minimum standards of the Base Erosion and Profit Shifting (**BEPS**) project, as issued by the OECD/G20."

In detail

Overview of the DTT's provisions

(i) Dividends
A 0% withholding tax ("WHT") rate applies.

(ii) Interest
A 0% WHT rate applies.

(iii) Royalties
An 8% WHT rate applies on the gross amount of royalties.

The term "royalties" for the DTT means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including computer software, cinematograph films, or films or tapes or discs used for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

PwC Observation

Irrespective of the 8% royalty WHT rate provided for in the DTT, as per the Cyprus domestic tax legislation no Cyprus WHT applies on royalty payments to non-Cyprus tax residents except in cases where:

(i) the royalties are earned on rights used within Cyprus, or

(ii) provisions relating to the EU so-called 'blacklisted' jurisdictions apply; Oman is not currently listed by the EU as a 'blacklisted' jurisdiction (Oman was previously 'blacklisted' by the EU in the period 2018-2020).

(iv) Capital gains

Cyprus retains the exclusive taxing rights on disposals of shares made by Cyprus tax residents (except for shares deriving the greater part of their value, directly or indirectly, from certain Oman offshore rights/property).

The DTT does not include a 'property rich clause' with respect to capital gains.

(v) Entitlement to benefits

A benefit under the DTT shall not be granted, in respect of an item of income or capital, should this benefit be one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it can be established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this DTT.

The takeaway

This first-time DTT between Cyprus and Oman will contribute to the further development of trade and economic relations between the two States.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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