



Double Tax Treaty between Cyprus and Jersey enters into force in 2018

Officials of Jersey and Cyprus have signed a Double Taxation Agreement (DTA) on 11 July 2016 in London. The agreement – negotiations for which had lasted since 2013 - will come into force on 1 January 2018.

Senator Bailhache for the Government of Jersey stated that *“the signing of the DTA with Cyprus continues Jersey’s firm and longstanding commitment to the international standards of transparency and information exchange.”*

“Jersey also pursues a good neighbour policy in relation to the European Union and we are therefore delighted that with the signing of the DTA we will be further strengthening our political and business relationship with an EU Member State. The signing of a DTA with Cyprus is particularly welcome because we have a great deal in common as international finance centres.”

The treaty generally follows the OECD model tax convention for the avoidance of double taxation on income and capital.

A quick summary of the key provisions of the Double Tax Treaty follows below.

Permanent Establishment

The permanent establishment definition in the treaty is in line with the meaning provided in the OECD model tax convention. Any building site, construction or installation project constitutes a permanent establishment only if it lasts more than 12 months.

Withholding tax rates on dividend / interest / royalties payments

The withholding tax rate on the payment of dividends, interest and royalties is 0%.

Capital Gains Tax

Any gains from the disposal of immovable property shall be taxed in the country where the immovable property is situated.

Any gains from the disposal of shares are taxable in the country in which the seller is located.

Exchange of information

The competent authorities of the countries will exchange information considered relevant for carrying out the provisions of the DTA or to the administration or enforcement of the domestic tax laws. The provisions of Articles 25 have effect eight taxable years prior to the entry into force of the DTA.

With the conclusion of the DTA, Jersey became Cyprus' sixty first tax treaty partner. Our highly skilled Tax professionals can assist and provide you with guidance on any of the provisions included in the DTA. Feel free to contact us at info@eurofast.eu

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