



Cyprus Tax News

Cyprus-Iran Tax Treaty effective from 1 January 2018

The tax treaty signed between Cyprus and Iran on 4 August 2015 entered into force on 5 March 2017 and its provisions will come into effect as from **1 January 2018**.

The tax treaty is based on the OECD Model Convention and its main provisions are briefly outlined below:

Dividends: If the recipient is the beneficial owner of the dividends the withholding tax shall not exceed:

- a) 5% of the gross dividend amount if the beneficial owner is a company which holds directly at least 25% of the capital of the company paying the dividends;
- b) 10% of the gross dividend amount in all other cases.

Interest: If the recipient is the beneficial owner of the interest, the withholding tax shall not exceed 5% of the gross interest amount.

Royalties: If the recipient is the beneficial owner of the royalty, the withholding tax shall not exceed 6% of the gross royalty amount.

Capital gains: Gains derived by a resident of a Contracting State from the disposal of immovable property situated in the other Contracting State may be taxed in that other State.

Gains derived by a resident of a Contracting State from the disposal of shares in a company, deriving more than 50% of their value directly from immovable property situated in the other Contracting State may be taxed in that other State.

The tax treaty is expected to open the way for new investment opportunities between Cyprus and Iran. For a more in-depth discussion, please get in touch with us.



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