



Cyprus Tax News

Cyprus and India successfully complete revised tax treaty negotiations

According to an announcement issued by the Cyprus Ministry of Finance (MoF) on **29 June 2016**, the negotiation of the tax treaty between Cyprus and India has been successfully completed.

Following the above development, a revised treaty is expected to be signed between the two countries in the coming months. A revised treaty is expected to revive trade and economic activity between Cyprus and India and pave the way for the Indian Government to remove Cyprus from the list of notified jurisdictional areas with retrospective effect as from 1 of November 2013.

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Although the full details of the revised provisions of the tax treaty have not yet been released, according to the MoF announcement, the revised tax treaty will provide for source based taxation for gains arising from the disposal of shares with a "grandfathering" provision applicable for investments undertaken prior to 1 April 2017. Under the grandfathering provision, the taxing rights on gains arising from a future disposal of such investments (shares) would remain with the seller's residence state.

A more detailed alert will be issued upon the publication of the full text of the revised treaty. We are at your disposal to discuss how the above development may affect your business.



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