



Cyprus Tax News

Cyprus - Switzerland tax treaty enters into force

Following the completion of the relevant ratification procedures and the exchange of notifications between the two countries, the tax treaty signed between Cyprus and Switzerland entered **into force on 15 October 2015** with the treaty provisions with respect to withholding taxes coming into effect on **1 January 2016**. The applicable withholding tax rates with respect to dividends, interest and royalties are as follows:

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Dividends: Nil withholding tax if the beneficial owner is:

- a company (other than a partnership) the capital of which is wholly or partly divided into shares and which **holds directly at least 10%** of the capital of the company paying the dividends for an **uninterrupted period of at least one year** or
- a pension fund or other similar institution recognized as such for tax purposes, or
- the Government, a political subdivision, local authority or the central bank

Otherwise **15% withholding tax** applies in all other cases.

Interest: Nil withholding tax

Royalties: Nil withholding tax

The treaty provisions with respect to other taxes will also come into effect on **1 January 2016**, except in certain cases where the tax year may be different from the calendar year. In such cases, the relevant treaty provisions will be effective for tax years beginning on or after 1 January 2016 (the Swiss tax year follows the accounting year).

For further details on the Cyprus - Switzerland treaty please refer to our [tax alert](#) dated 29 August 2014.

We are at your disposal to discuss the above development with you.



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