

“Cyprus—Estonia tax treaty”

New Double Tax Treaty signed

1. Background

On 15th of October 2012 Cyprus and Estonia signed in Luxembourg an Income Tax Treaty agreement and protocol.

The agreement was signed on the sidelines of the Foreign Affairs Council, by the Minister of Foreign Affairs, Erato Kozakou-Marcoullis, and the Estonian Minister of Foreign Affairs, Mr. Urmas Paet in the margins of the Foreign Affairs Council. The new treaty is based on the OECD Model Convention of 2010.

2. Basic features of the new DTT

The main provisions of the treaty can be summarized as follows:

- **Withholding tax on Dividend payments is 0%.**
- **Withholding tax on Interest payments is 0%.**
- **Withholding tax on Royalty payments is 0%.**



Formal ratification is expected to happen before the end of 2012 so that the new Double Tax Treaty could come into effect on 1 January 2013.

3. The new treaty raises prospects for further economic cooperation

Before the signature of the Treaty, Estonia did not apply the former USSR tax treaty. The signature of the new treaty raises prospects for greater economic cooperation between the two countries and represents the latest addition to Cyprus's already extensive treaty network, reinforcing Cyprus's position even further as a reputable financial center.

Withholding tax rates

- **Dividends—0%**
- **Interest—0%**
- **Royalties—0%**

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