CENTAUR TRUST

INTELLECTUAL PROPERTY RIGHTS

The Cyprus Tax Perspective

The principle of property rights is a cornerstone of a free society. The right to property is the recognition that an individual has ownership over that property, and may use it as he wishes, and that nobody else can lawfully use it without his authorisation.

Intellectual property "IP" refers mainly to the legal rights which result from the creativity of people: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.

The rights granted under national laws allow people to own their creativity and innovation in the same way that they can own any other kind of physical property. The owner of IP related work may use the work as he wishes, and may prevent others from using it without his authorisation. Generally speaking, intellectual property law aims at safeguarding creators and other producers of intellectual goods and services by granting them certain time-limited rights to control the use made of those productions.

Cyprus is a long established and reputable international financial centre. It has gained this enviable position through its attractive tax system, transparent legal system, world-class professional and banking services and superior global telecommunications capabilities. Cyprus's accession to the EU on 1 May 2004 and the adoption of the Euro on 1 January 2008 has come to add to the country's impressive advantages.

Cyprus has been developing the area of IP law along with the rest of the world so as to protect local as well as international IP rights. It is a member and signatory to a number of treaties and furthermore the IP Law in Cyprus has been recently amended and is now in full compliance with the acquis communautaire, and international IP laws.

It is not our aim in this publication to provide a detailed analysis on the subject of Intellectual Property, neither to provide a detailed legal or administrative guidance on the fundamentals underpinning Intellectual Property Law. The object of this publication is to explain in layman's terms the fundamentals around the different types of Intellectual Property rights, and then proceed to analyse the various tax consequences of the exploitation of these rights from a Cyprus tax perspective.

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Article 2 of The Convention Establishing the World Intellectual Property Organization (WIPO), concluded in Stockholm on July 14, 1967 provides that "Intellectual Property" shall include rights relating to:

- literary, artistic and scientific works,
- performances of performing artists, phonograms and broadcasts,
- inventions in all fields of human endeavour,
- scientific discoveries,
- industrial designs,
- trademarks, service marks and commercial names and designations,
- protection against unfair competition, and
- all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

The above areas can be summarised into four main areas:

- Copyright and related rights
- Patents
- Trade marks
- Industrial Designs

COPYRIGHT & RELATED RIGHTS

Copyright deals with the rights of intellectual creators over their creation. All original intellectual creations are eligible for copyright protection. To be protected by copyright law, an author's works must originate from him; these works must be the result of creative skill, and/or significant investment in labour.

The applicable legislation in Cyprus regarding copyright is the Copyright and Neighbouring Rights Law of 1976 (Cap 59), as amended by Law N.123(I)/2006.

The Cyprus copyright law provides for the protection of the following types of work;

- Literary works; such as novels, newspaper articles, poems, and any other writings.
- Musical works; such as songs.
- Photographic works; digital or on film, irrespective of the subject matter and the purpose for which they are made.
- Cinematographic works; irrespective of the technical process used (DVD, videotapes, film).
- Artistic works: such as sculptures, paintings, photographs, architectural drawings.
- Computer and internet works; such as computer programmes, games, photographs and literary work on the internet.

Copyright laws define the acts that give the creators economic rights enabling them to control the use of their work in a number of ways, such as by making copies or reproducing the work, performing in public, making a movie of the work etc.

PATENTS

A patent gives protection to the creator/owner of an "Invention" for a limited period of time (usually 20 years), and can be exploited (used, sold), only with his authorisation. Invention means a solution to a specific problem in the field of technology.

Most patents are for improved processes in known technology. The applicable legislation in Cyprus, regarding the registration and protection of patents is the Patents Law 16(I)/98, as amended by Law N.122(I)/2006. Specific conditions must be fulfilled to get a patent registered and a certificate of registration to be issued by the Cyprus Patent Office.

An application must be made by the creator, describing the invention in some detail, possibly with drawings, to the Patent office and acceptance of a patent can only be made if the following criteria are met;

- The invention is novel (new). Is not anticipative based on the information and literature available to the public before the date of applying for the patent.
- It must involve an inventive step. It is not obvious to a person skilled in the area of technology that the invention is in.
- Must be capable of industrial application. It can be applied for practical purposes, and is not purely theoretical.

Patent rights are territorial; a Cyprus patent does not give rights outside of Cyprus. Patent rights last for up to 20 years in Cyprus. Some patents, such as those for pharmaceutical products, may be eligible for further years of protection. Once a patent has been registered and a certificate of registration is given to the creator, any persons other than the creator are expressly prohibited from commercially exploiting either the patented product or a by-product obtained by the patented process, unless with the express permission of the patent holder.

TRADE MARKS

A trademark can be a word, name, symbol, device or any combination thereof which is used to identify and distinguish the goods or services of one company from goods or services of another.

The applicable legislation in Cyprus regarding the registration and protection of trademarks in relation to goods and services, is governed by the Trade Marks Law, Cap 268, as amended by Law N.121(I)/2006.

Registration of a trade mark gives the owner:

- the exclusive right to use the trade mark, and
- the right to prevent unauthorised use through a legal action for infringement

Trade marks are registered for an initial period of seven years and may be renewed on application for 14 years periodically.

INDUSTRIAL DESIGNS

An industrial design is the protection given to industrial objects or works of craftsmanship used or sold in an industry.

Such objects are protected because they usually increase the marketability and consequently the value of a product of which they form part. Design protection covers the aesthetic creations determining the outward appearance of a product, including decoration, lines, contours, colours, shape, texture and materials.
The applicable legislation in Cyprus, regarding the protection of industrial designs is governed by the Protection of Industrial Designs and Models Law, 4(I)/2002, as amended by Law N.119(I)/2006.

Registration of an industrial design gives the owner:

- the exclusive right to use the industrial design, and
- the right to prevent unauthorised use through a legal action for infringement.

Industrial designs are registered for a maximum duration of protection of 25 years from the filing date of the application.


STARBUCKS
COFFEE

IP is essentially a form of private property and, like the owner of physical property, the owner of IP can generally decide when and how it is to be used. The owner of IP may either:

- Make an outright sale of all the IP rights to an individual or company in return for payment
- License some of the IP rights to an individual or company in return for payment

Assignment of IP rights

The owner of the IP can transfer/assign ownership of the IP to someone else, including a legal person (a corporate body rather than an individual). An assignment is a transfer of all the rights of the property to individuals or companies in return for payment and the individual or company to whom the rights are assigned becomes the new owner of the IP.

Licensing

The owner of the IP may retain ownership of the IP, but can authorise a third party to carry out certain acts covered by his economic rights, generally for a specific period of time and for a specific purpose. This procedure is called licensing.

A licence is effectively a contractual agreement and should set out precisely what the licensee is permitted to do and any terms and conditions applying to this use. Payments made by the licensee to the owner of IP are known as royalties. These payments can be a single amount when the licence is agreed, or a regular payment every year or after a certain amount of use has occurred.

Licences can be limited in time, say to last for only two years, limited by territory, say to allow exploitation of the IP in only one country, or limited by which exclusive rights under the IP right are licensed.

The major tax considerations that someone should take into account in choosing a suitable Royalty company jurisdiction should include the following:

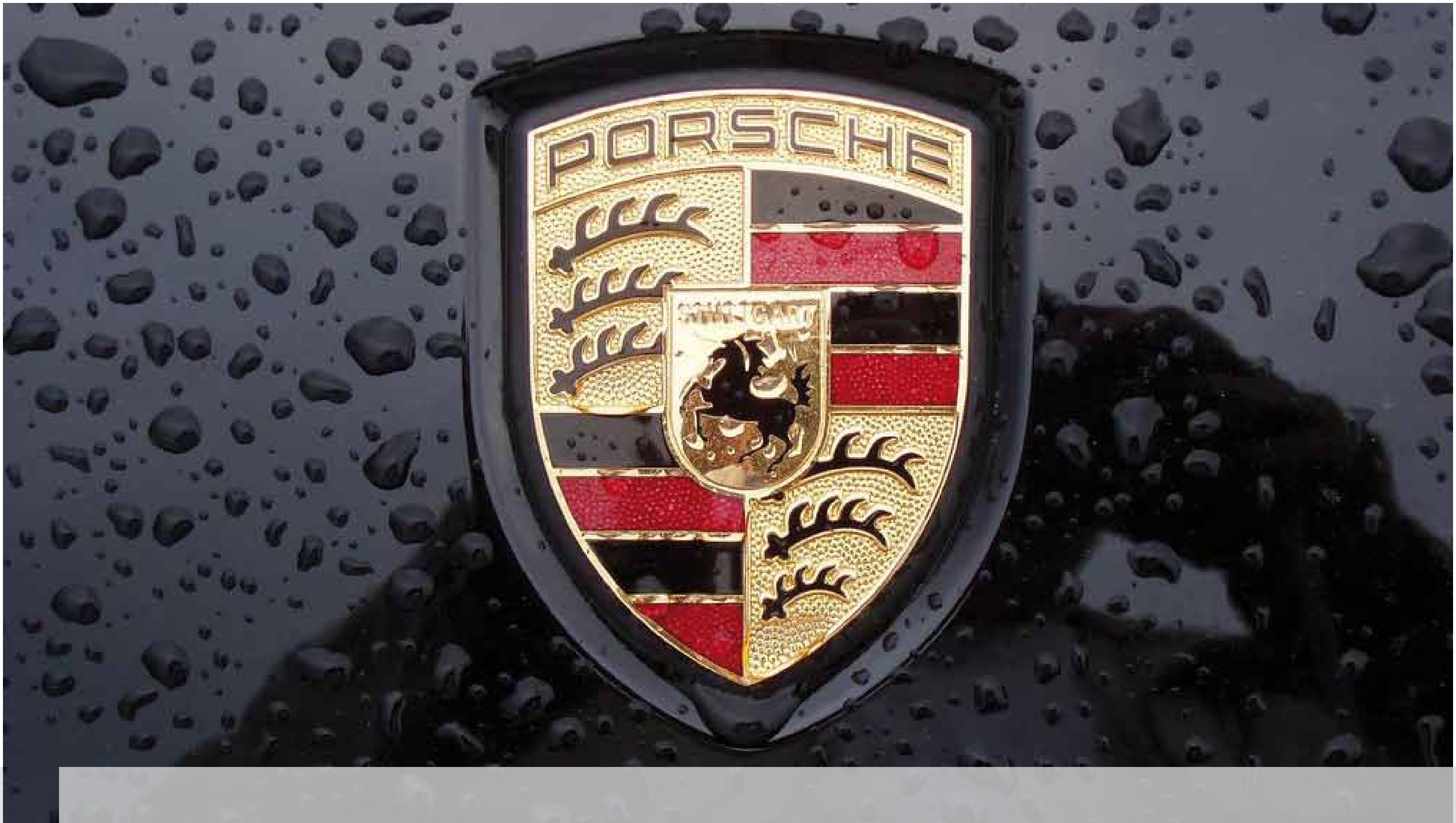
- Tax treatment of Royalties received
- Tax treatment on the assignment of Royalties
- Withholding Tax on Royalties paid
- Double taxation treaties
- Tax treatment of outward and inward dividends
- Tax treatment of Capital Gains
- Thin capitalisation and CFC rules
- Capital and Stamp Duty

In the following sections we will consider each of the above tax considerations, relative to locating a Royalties company in Cyprus.

TAX DEFINITION OF ROYALTIES

Definition:

- Article 21 of the Income Tax Law defines Royalties as "payments of any kind received, in consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade mark, know-how or any other like property or in consideration of technical assistance".
- Other like property includes payments of any kind, received in consideration for the use of, or for the privilege of using, any software, or any other information concerning industrial, commercial or scientific experience.
- Article 22, extends the concept of Royalties to also include payments in relation to cinematographic films.



CYPRUS COMPANY IS NOT THE OWNER OF THE IP

TAX TREATMENT OF ROYALTIES RECEIVED

Royalties received by a Cyprus resident company that is granting licenses to overseas licensees are taxed at the standard corporate income tax rate of 10% after deducting the following expenses:

- Royalties paid to overseas licensors
- Deduction of all expenses wholly and exclusively incurred for the production of income

Based on our experience with the tax office department in Cyprus the below margins are acceptable profit margins by the Cyprus tax authorities.

Royalties Received	Acceptable Margin
In excess of Euro > €5.000.000	1,25%
Below Euro < €5.000.000	2,50%

- Cyprus Income Tax Law provides relief from double taxation in relation to tax imposed by the laws of another country. Relief is given for any foreign sourced tax as a credit against corporate income tax payable in Cyprus in respect of that income.
- Cyprus has an extensive double tax treaty network. In most of the cases, royalties received by a Cyprus holding company from its licensees are either exempt from, or subject to, reduced withholding taxes in the licensee's jurisdiction.

CYPRUS COMPANY IS THE OWNER OF THE IP

TAX TREATMENT OF ROYALTIES RECEIVED (Note 1)

Royalties received by a Cyprus resident company that is granting licenses to overseas licensees are taxed at the standard corporate income tax rate of 10% after deducting the following expenses:

- General deduction of 80% on Gross Royalties received
- The Cost of purchase (if any) of the IP can be amortised over 5 years (20% on cost of purchase will be shown as an expense in the Income Statement of the Company).
- Deduction of all expenses wholly and exclusively incurred for the production of income

TAX TREATMENT ON THE ASSIGNMENT OF ROYALTIES (Note 1)

In general, any gains realised by a Cyprus resident company, upon the transfer/assignment of Intellectual Property are taxable to 10% income tax after deducting the following expenses.

- Deduction of all expenses wholly and exclusively incurred for the production of income
- General deduction of 80% on the Net Sale Price (Gross Sale Price – Less expenses)

(Note 1) Please note that this tax treatment is based on the draft legislation that is currently with the Cyprus Parliament and is expected to be voted by the Members of the Cyprus Parliament and thus become a law the latest by the end of April 2012.

WITHHOLDING TAX ON ROYALTIES PAID

Tax treatment of Royalties paid - (Withholding Tax)

INCOME DERIVED FROM SOURCES OUTSIDE CYPRUS

Any Cyprus resident company entering into any contract with any individual not resident in Cyprus or with any company not engaged in any business in Cyprus, in connection with the below mentioned types of income, and which receives income derived from sources outside Cyprus, this amount shall not be deemed as income derived from sources within the Republic and thus no withholding tax on payments to overseas licensors should be charged.

Type of Income	Tax Rate
Royalties, premiums, compensation etc	0%
Cinematographic, Film rentals etc	0%
Profits of professional men, artists etc	0%

INCOME DERIVED FROM SOURCES INSIDE CYPRUS

If the Cyprus company receives income which is derived from sources inside Cyprus, then it shall deduct tax at the rates shown below from any receipts made on or on behalf of, or from any payments made or to be made to, such individual or company and remit the same forthwith to the Commissioner of Income Taxes in Cyprus.

Type of Income	Tax Rate
Royalties, premiums, compensation etc	10%
Cinematographic, Film rentals etc	5%
Profits of professional men, artists etc	10%

Any tax required to be deducted is deemed to be tax assessed on the company that is required to deduct that tax and shall be recoverable from that company. If any such tax is not deducted or, if deducted, is not remitted to the Commissioner in the month following that in which the deduction was made, interest at the rate of 8% p.a. is charged and shall be added thereto.

Exemptions

If the Beneficial owner of the income is an associate company. Provided that the beneficial owner of the income is an associated company of another Member state or a permanent establishment of such company situated in another Member state where such income is paid:

- By a company which is resident in Cyprus, without taking into account income paid through its permanent establishment situated in a state other than a Member state; or
- By a permanent establishment in Cyprus of a company which is not a resident in Cyprus and where such income represents a deductible expense, under the provisions of the Income Tax Law, for such permanent establishment.

DEFINITION OF AN ASSOCIATE COMPANY

A company is deemed to be an associated company with another company if, at least:

- The first company has a direct minimum holding of 25 % in the capital of the second company, or
- The second company has a direct minimum holding of 25 % in the capital of the first company, or
- A third company has a direct minimum holding of 25 % both in the capital of the first company and in the capital of the second company.

ROYALTIES DIRECTIVE

It is important to state here that this exemption as well as the exemption on Royalties is in full conformity with the Interest and Royalties Directive of the EU which Cyprus has adopted and has included in its legislation.

TAX TREATMENT OF CAPITAL GAINS

Cypriot tax rules provide full exemption from local taxation on the realisation of capital gains from the disposal of 'securities', irrespective of whether the gain is considered to be of a capital or of a revenue nature.

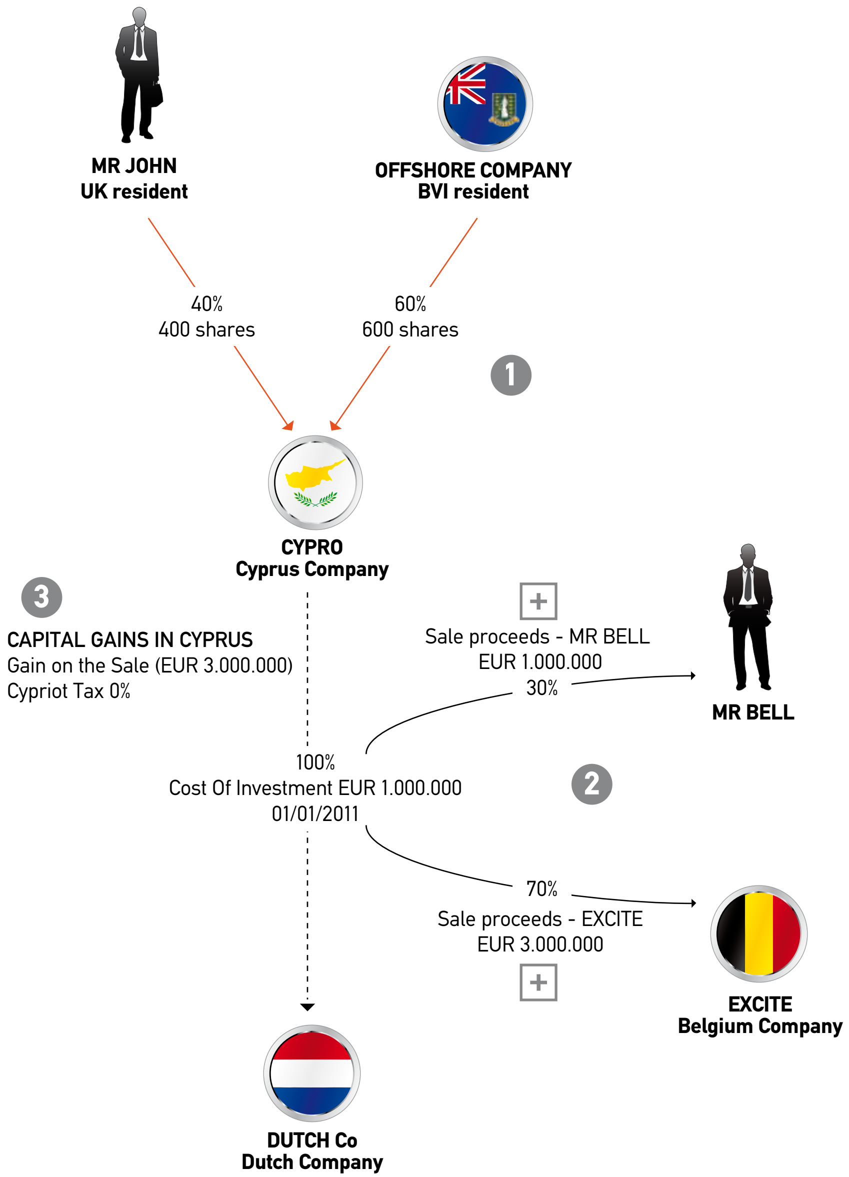
There is no requirement for any minimum holding period or minimum % holding.

Securities, as defined in the law, include shares, debentures, government bonds, founder's shares or other securities of companies or other legal persons which have been incorporated in Cyprus or abroad and options thereon.

A circular has been issued by the Cypriot tax authorities in 2008 further clarifying what is included in the term Securities. According to the circular the term includes, among others, options/short positions/ futures/forwards on Securities, swaps on Securities, depositary receipts on Securities (ADRs, GDRs), rights of claim on bonds and debentures (rights on interest of these instruments are not included), index participations only if they result on Securities, repurchase agreements or Repos on Securities, units in open-end or closed-end collective investment schemes. The circular also clarifies specific types of participation in foreign entities which are considered as Securities. In cases where it is not certain whether a specific financial instrument falls under any of the categories included in the circular, a request for a ruling may be submitted to the Commissioner of Income Tax.

Flowchart 1, gives a diagrammatical example showing the tax treatment on the realisation of capital gains from the disposal of a subsidiary.

FLOWCHART 1:
SALE OF A SUBSIDIARY COMPANY



- A Cypriot holding company is an ordinary company that besides holding shares in other companies may be engaged in other activities such as trading, manufacturing, financing etc.
- There are no legal requirements as to the minimum or maximum share capital of the Company. Furthermore the currency of the share capital can be in all major known currencies. Lastly, not all of the authorized share capital needs to be subscribed for, but at least one share as a minimum should be issued.
- The legislation allows the payment of shares to be made in monetary means and in kind, including transferring shares of other companies.

❶ The Cyprus Company purchased 100% of the Share capital of a Dutch Company for Euro1.000.000 on 1/1/2011.

❷ On 31/12/2011 the Cyprus Company sold 30% of the shares in the Dutch company to Mr. Bell, a Swedish resident individual, for Euro1.000.000 and 70% of the shares in the Dutch company to Excite Ltd, a Belgium resident company, for Euro3.000.000.

❸ Cypriot tax rules provide full exemption from local taxation on the realisation of capital gains from the sale of shares in subsidiaries. There is no requirement for any minimum holding period or minimum investment %. The exemption applies irrespective of the jurisdiction of incorporation of the subsidiary company.

PRE-TRANSACTION RULINGS

A pre-transaction ruling in respect of a particular type of transaction serves to remove taxation uncertainties. Cyprus has introduced an advance ruling practice in accordance with OECD recommendations.

The commissioner of Income Tax does provide advance interpretations of the law, when requested, concerning the tax consequences of proposed transactions.

Cyprus has an extensive double tax treaty network. In most of the cases, incoming dividends received by a Cyprus company from its foreign subsidiary are either exempt from, or subject to, reduced withholding taxes in the subsidiary's jurisdiction.

Appendix 2, shows the list of double tax treaties that Cyprus has enacted with third countries, as well as the corresponding rates of withholding tax.

The main purpose of these treaties is the avoidance of double taxation of income earned in any of these countries. Under these agreements, a credit is usually allowed against the tax levied by the country in which the tax payer resides, for taxes levied in the other treaty country, and as a result the tax payer pays no more than the higher of the two rates.

CONTROLLED FOREIGN COMPANIES (CFC) RULES

- Countries such as Germany, UK, France, Denmark have CFC legislation. Under their CFC rules, income and sometimes capital gains of a subsidiary or sub-subsidiary company may be appropriated to the parent company.
- Cyprus does not have in its legislation CFC rules as strict as those in the above countries. As a result, no income is appropriated to the parent company even if the income arises in a tax haven company.

THIN CAPITALISATION

- Most of the European countries, with some exceptions (such as Austria and Ireland), have thin capitalisation rules, such as rules imposing minimum debt to equity ratio requirements. Under these rules, if a company is thinly capitalised, part of the interest deduction may be disallowed and treated as a dividend distribution.
- Cyprus tax legislation does not contain thin capitalisation provisions.
- There is however an indirect debt to equity restriction. Under normal circumstances, if a Cyprus Company pays interest in order to finance its trading activities, such interest is a tax deductible expense. However, if a Cyprus holding company borrows money from a bank at an interest rate of 10%, but advances the money to its subsidiary free of any interest, then this interest payable will not be a tax deductible expense, as it was not incurred for the purpose of the production of income.

LOSS RELIEF

When a loss is not wholly set-off against income from other sources in the same year, it can be carried forward and set-off against future profits of the company. The loss is automatically set-off against the first available profits of the company. There is no time limit for claiming loss relief. Losses can only be carried forward. No carry-back of losses is allowed. This provision is applicable for all losses incurred from the 1997 tax year onwards.

In case there is any change in the ownership of the shares of a company and a substantial change in the nature of the business of the company, within any three-year period from the year of the loss, then the loss cannot be carried forward to the following years.

Group Loss Relief

Definition of a group:
Two companies shall be deemed to be members of a group for loss relief purposes if:

- One is by 75% a subsidiary of the other, OR
- Each one separately is a 75% subsidiary of a third company

The 75% refers to 75% of the

- Voting ordinary shares
- Profits available for distribution
- Assets that would have been available to members on a winding up

Tax treatment of outward dividends

- Outward dividends paid by a Cyprus company to its ultimate parent company do not suffer any withholding tax in Cyprus. The exemption applies to dividend payments made to both resident and non-resident companies, irrespective of the country of residency of the parent company, whether it is resident in a EU country or not.
- Outward dividends paid by a Cyprus company to individuals non-resident in Cyprus do not suffer any withholding tax in Cyprus.
- Outward dividends paid by a Cyprus company to individuals resident in Cyprus, do suffer a 20% special defence tax at source.

TAX TREATMENT OF INWARD DIVIDENDS

- Cyprus provides full exemption from local taxation in respect of dividends received by a Cyprus company from its local subsidiaries. This exemption is given regardless of the holding period of the shareholding and without any minimum % holding requirements.
- Cyprus provides full exemption (subject to certain conditions) from local taxation in respect of dividends received by a Cyprus company from its non-resident subsidiaries. This exemption is given regardless of the holding period of the shareholding and without any minimum % holding requirements and lastly without imposing any minimum investment amount in the subsidiary.

TAX ON LIQUIDATION OF A CYPRUS COMPANY

Non-resident shareholders

In case of the liquidation of a Cyprus resident company, irrespective of the method of liquidation, there are no taxes to be paid on the distribution of assets to non-resident shareholders, whether this is in the form of dividends, proceeds from liquidation etc.

There is one exemption to the above rule. If the Cyprus company owns immovable property situated in Cyprus then the disposal of the Cyprus situated property can result in Capital Gains Tax.

Resident Shareholders

If a Cyprus company is liquidated, the total of the profits of the last five years before the liquidation which have not been distributed, or have not been deemed to have been distributed, shall be deemed on liquidation to be distributed and the shareholders shall be deemed to receive such dividends.

This deemed distribution is subject to 20% special defence contribution.

This provision does not apply in the case of liquidation of a company for the purposes of reorganisation.

CAPITAL DUTY

According to the Cyprus Companies Act Law, every Cyprus incorporated company must pay capital duty on incorporation equal to Euro100 plus 0,6% on the authorised share capital, or on any subsequent increase in the authorised share capital.

As there is no capital duty payable on share premium, a company can arrange its capital structure in such a way as to have small authorised capital and issue the shares above their nominal value, at a premium.

STAMP DUTY

Management services relating to the supply of Stamp duty in Cyprus is dealt by the Stamp Duty Law 1963 as amended. Section 4 of the law, states that every document listed in the first schedule to the law needs to be stamped, if it concerns property that is situated in the Republic, or if it concerns matters or things that are going to be executed or will be carried out in the Republic, irrespective of the place where these have been drafted or prepared.

It is important to be stated that any contracts relating to assets situated outside Cyprus or business affairs that take place outside Cyprus are exempt from stamp duty. For 2012 the maximum stamp duty on contracts is Euro17.086.

EXEMPTION

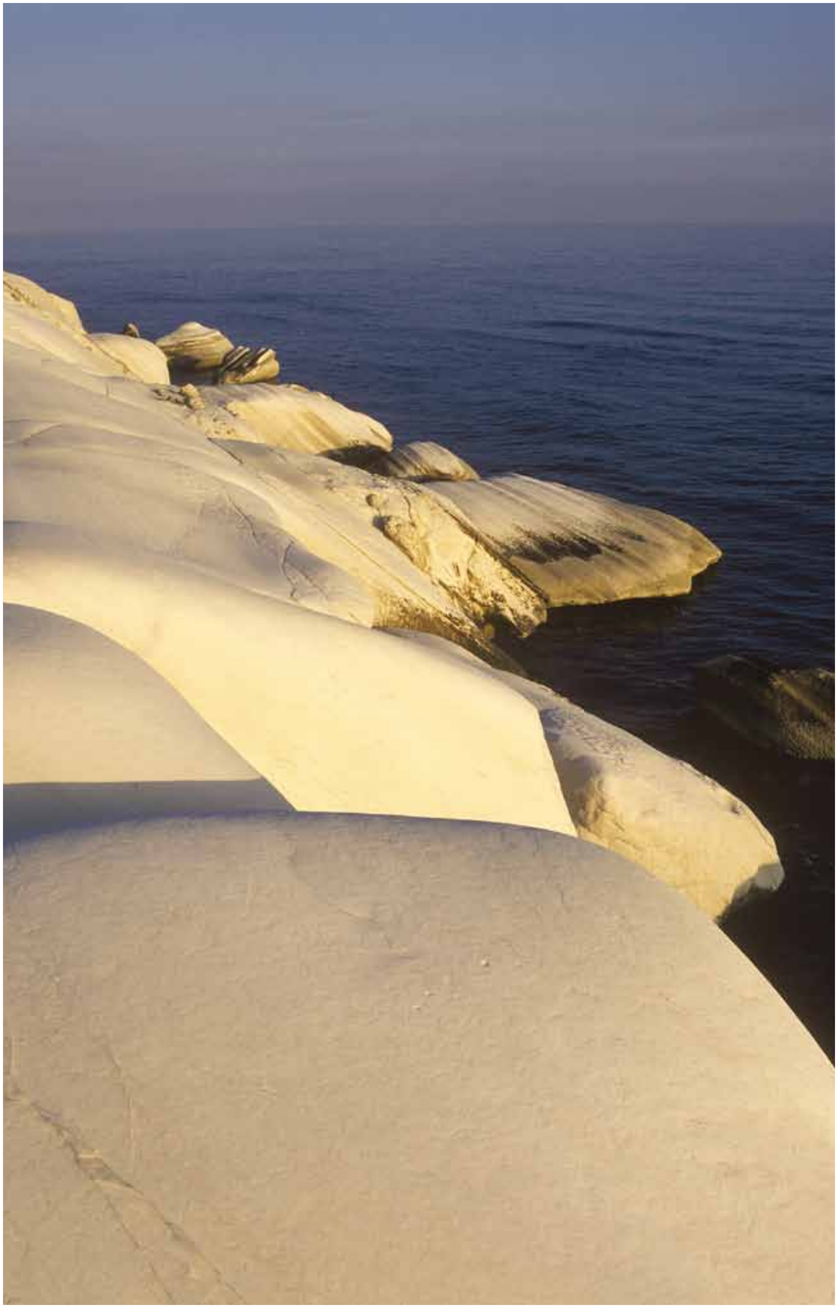
Transactions which fall within the scope of reorganizations are exempt from stamp duty.

EU INTEREST AND ROYALTIES DIRECTIVE

Cyprus has transposed into Cypriot Law the EU Interest and Royalties Directive (Council Directive 2003/49/ EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments between associated companies of different Member States).

Though Cyprus tax rules are more liberal than the requirements of the Directive.
There is no withholding tax on interest payments made to companies or individuals non-resident in Cyprus.

There is also no withholding tax on royalty payments, where the rights have been granted for use outside Cyprus, irrespective of the form of the recipient of the income. Withholding tax on royalty payments applies only on outbound royalty payments, where the rights have been granted for use within Cyprus.



The tax law of Cyprus, as reformed, is probably the most modern, effective and simple tax system in the EU and in addition, it conforms to the EU and OECD regulations.

The country's attractiveness, with respect to the protection and exploitation of IP rights is determined by the following benefits:

- Cyprus is a member and signatory to a number of treaties relating to international IP rights, furthermore, the IP Law in Cyprus is in full compliance with the EU acquis communautaire and international IP laws.
- Cyprus IP legislation covers the full spectrum of IP rights, including copy rights, patents, trade marks and industrial designs.
- The tax regime of Cyprus is very favourable with respect to income derived from royalties and it is in full conformity with the EU Interest and Royalty directive.
- Cyprus is a signatory to 45 double tax treaties. In most of the cases, royalties received by a Cyprus licensing company from its licensees are either subject to reduced withholding taxes in the licensees' jurisdiction or provide for a 0% withholding tax.
- Cyprus has introduced for some years now an advance ruling practice in accordance with OECD recommendations.

MEMBERSHIP OF WIPO TREATIES:

a. WIPO Convention, since October 1984.
b. Paris Convention (Industrial Property), since January 1966.
c. Berne Convention (Literary and Artistic Works), since February 1964.
d. PCT (Patents), since April 1998.
e. Madrid Agreement (International Registration of Marks), since November 2003
f. Madrid Protocol (International Registration of Marks), since November 2003
g. Geneva Convention (Unauthorized Duplication of Phonograms), since September 1993.
h. Nairobi Treaty (Olympic Symbol), since August 1985.
i. TLT (Trademarks), since April 1997.
j. WCT (WIPO Copyright Treaty), since November 2003
k. WPPT (WIPO Performances and Phonograms Treaty), since December 2005.

WTO: MEMBER AND SIGNATORY TO TRIPS AGREEMENT, SINCE JULY 1995

MEMBERSHIP OF OTHER BODIES/TREATIES: EPO, UCC.

a. Member of EPO since April 1998.
b. Member of UCC since September 1990.
c. European Agreement Concerning Programme Exchanges by means of Television Films of 1958, September 1969.
d. European Agreement for the Prevention of Broadcasts Transmitted from Stations Outside National Territories of 1965, July 1971.

Source: World Intellectual Property Organization (WIPO)

PAID FROM CYPRUS

Dividends

Outward dividends paid by a Cypriot Company to non-tax residents of Cyprus, do not suffer any withholding tax in Cyprus.

Interest

Interest payments by a Cypriot Company to non-tax residents of Cyprus, are made gross, without any tax deducted.

Royalties

No withholding tax is levied on royalties as long as the right is used outside Cyprus.

RECEIVED IN CYPRUS	DIVIDENDS	INTEREST	ROYALTIES
NON-TREATY COUNTRIES	0	0	0
TREATY COUNTRIES			
Armenia	0[32]	5[33]	5
Austria	10	0	0
Belarus	5[4]	5	5
Belgium	10[1]	10[16]	0
Bulgaria	5[19]	7[25]	10[20]
Canada	15	15[7]	10[11]
China	10	10	10
Czech Republic[26]	0[30]	0	10
Denmark	0[34]	0	0
Egypt	15	15	10
France	10[2]	10[9]	0[26]
Germany[31]	10[1]	10[8]	0[26]
Greece	25[21]	10	0[12]
Hungary	5[1]	10[8]	0
India	10[2]	10[8]	15[15]
Ireland	0	0	0[12]
Italy	15	10	0
Kuwait[31]	10	10[8]	5[14]
Kyrgyzstan[27]	0	0	0
Lebanon	5	5[16]	0
Malta	0[22]	10[8]	10

RECEIVED IN CYPRUS	DIVIDENDS	INTEREST	ROYALTIES
Mauritius	0	0	0
Moldova	5[19]	5	5
Montenegro[28]	10	10	10
Norway	5[3]	0	0
Poland	10	10[8]	5
Qatar	0	0	5
Romania	10	10[8]	5[14]
Russia	5[6]	0	0
San Marino	0	0	0
Serbia[28]	10	10	10
Seychelles	0	0	5
Singapore	0	10[23]	10
Slovakia[29]	10	10[8]	5[14]
Slovenia	5	5[33]	5
South Africa	0	0	0
Sweden	5[1]	10[8]	0
Syria	0[1]	10[8]	15[13]
Tajikistan[27]	0	0	0
Thailand	10	15[17]	5[18]
Ukraine[27]	0	0	0
United Arab Emirates[35]	0	0	0
United Kingdom	0[24]	10	0[26]
United States	15[5]	10[10]	0
Uzbekistan[27]	0	0	0

NOTES:

1. 15% if received by a company controlling less than 25% of the voting power.
2. 15% if received by a company controlling less than 10% of the voting power.
3. NIL if paid to a company controlling at least 50% of the voting power.
4. This rate applies if the amount invested by the beneficial owner is over €200.000 irrespective of the % of voting power acquired. 10% is imposed if received by a holder of at least 25% of the share capital of the paying company. Otherwise the rate is 15%.
5. 5% if received by a company controlling at least 10% of the voting power.
6. 10% if received by company, which has invested less than $100,000. (A Protocol to the existing treaty was signed on 7 October 2010. Formal ratification, happened beginning of 2012 and thus the Protocol will become effective in 2013. The Protocol provides for a change in the amount invested from $100,000 to €100.000).
7. NIL if paid to the Government or for export guarantee.
8. NIL if paid to the Government of the other State or to a financial institution.
9. NIL if paid to the Government of the other State or in connection with the sale on credit of any industrial, commercial or scientific equipment or any merchandise by one enterprise to another or in relation to any form of loan granted by a bank or is guaranteed from government or other governmental organisation.
10. NIL if paid to the Government of the other State, to a bank or a financial institution or in respect to debt obligations arising in connection with sale of property or the provision of services.
11. NIL on literary, dramatic, musical or artistic work with the exception of films used for television programs.
12. 5% on film royalties (except films shown on TV).
13. 10% on literary, dramatic, musical, artistic work, films and TV royalties.
14. NIL on literary, artistic or scientific work including films.
15. 10% on payment of technical fees, management fees and consultancy fees.
16. NIL if paid to the Government of the other State, a political subdivision or a local authority, the National Bank or any institution the capital of which is wholly owned by the State or a political subdivision or a local authority or in the form of interest income from bank deposits.
17. 10% on interest received by financial institutions, on interest paid in connection with industrial, commercial, scientific equipment or the sale of merchandise between two companies.
18. 10% on right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience and 15% for patents, trademarks, designs, models, plans, secret formulas or processes.
19. This rate is applicable if received by a company owning directly at least 25% of the capital. In all other cases the withholding tax is 10%.
20. This rate does not apply, where 25% or more of the capital of the Cypriot resident is owned directly or indirectly by the Bulgarian resident paying the royalties and the Cyprus company pays less than the normal rate of tax.
21. The treaty provides for 25%, but the domestic rate of NIL applies since it is lower than the treaty rate.
22. The treaty provides that the tax on the gross amount of the dividends shall not exceed that chargeable on the profits out of which the dividends are paid.
23. 7% if paid to a bank or similar financial institution. NIL if paid to the government.
24. The treaty provides for 15% withholding tax but the local taxation provides for 0% withholding tax.
25. NIL if paid to or is guaranteed by the Government, statutory body, the Central Bank.
26. 5% on film royalties, including films used for television programs.
27. The treaty between the Republic of Cyprus and the United Soviet Socialist Republic still applies.
28. The treaty between the Republic of Cyprus and the Socialist Federal Republic of Yugoslavia still applies.
29. The treaty between the Republic of Cyprus and the Czechoslovak Socialist Republic still applies.
30. Nil if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends where such holding is being possessed for an uninterrupted period of no less than one year. 5% in all other cases.
31. The new treaty which provides for changes in the above rates has been published in the Goverment Gazette but has not come into force until the time of publication of this booklet.
32. 5% if the beneficial owner has invested in the capital of the company less than the equivalent of €150.000 at the time of the investment.
33. Nil if paid to the Government or to the local authority, or to the Central Bank.
34. Nil if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends, where such holding is being possessed for an uninterrupted period of no less than 12 months. Nil if the beneficial owner is the other Contracting State or the Central Bank of that other State, or any national agency or any other agency (including a financial institution) owned or controlled by the Government of that other State. Nil if the beneficial owner is a pension fund or other similar institution providing pension schemes in which individuals may participate in order to secure retirement benefits, where such pension fund or other similar institution is established, recognized for tax purposes and controlled in accordance with the laws of that other State. 15% in all other cases.
35. The treaty has been published in the Government Gazette but has not come into force until the time of publication of this booklet.

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