# The Cyprus Holding Company

## A serious contender to holding company jurisdictions

The contents of this publication are for information purposes only and cannot be construed as providing any advice on matters including, but not restricted to, financial, accounting, tax or legal advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, Centaur Trust, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of the reader or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

As such the reader should not use this publication as a substitute for professional consultation with competent accounting, tax, legal or other advisors.



## Table of Contents

## Preface

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.

Opportunities to reduce the burden of income tax are numerous, for individuals as well as for domestic and international businesses. The full acceptance by Cyprus of the European Union Code of Conduct and the Campaign against Harmful Tax Competition has added a lot to the reputation of Cyprus, as having a very competitive but internationally respected tax legislation.

The strategic position of Cyprus, connecting Europe, Middle East and Asia naturally make the island a hub for business and trade. 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 services and superior global telecommunications capabilities.

Cyprus's accession to the EU on 1 May 2004 has come to add to the country's impressive advantages. Cyprus has also adopted the Euro as its official currency as from 1st of January 2008.

This has created excellent opportunities for tax professionals to establish Cyprus as a major financial centre within the European Union, developing Cyprus from an alleged tax haven country into a Country that has a modern and competitive tax environment.

Demetris Papaprodromou (BA, MSc, FCA)
Managing Director

## Introduction

Tax considerations may not be the decisive factor in choosing to set up a holding company in a particular jurisdiction. There are instances where the non-tax considerations may outweigh the tax considerations of an international group in choosing the location of its holding company.

Some non-tax considerations may include among others:

- Company law requirements
- Political stability and stable economic infrastructure
- Availability of human resources
- Telecommunication capabilities
- Set-up and other administration costs
- Spoken language and time zone

This publication aims to discuss only the major tax considerations that an international group should take into account in choosing the location of its holding company.

## Holding Company Location

Historically holding companies have been in existence for various reasons, such as legal, commercial but mainly tax. Throughout the world the barriers to capital movements are fast disappearing. Tax differences have become a very significant factor in commercial decisions, and therefore investment structures which have the least tax leakage are preferred by investors.

For years the preferred holding company locations by investors were the Luxembourg company established under the 1929 legislation or the Netherlands company enjoying the participation exemption. During the last decade various European Countries have introduced holding company regimes and nowadays it is very difficult for a multinational group to select the right jurisdiction in which to establish their holding company.

A multinational group in choosing a suitable holding company jurisdiction should give consideration to a number of tax considerations. Even though tax considerations may not be the decisive factor in choosing to set up a holding company in a particular jurisdiction, tax costs play a significant role.

# Tax Considerations

The major tax considerations that a multinational group should take into account in choosing a suitable holding company jurisdiction should include the following:

- Tax regime with regards to the realisation of capital gains from the disposal of the shares in subsidiary companies.
- Tax regime with regards to withholding tax on any dividends paid by the holding company to its shareholders.
- Tax regime with regards to the extraction of dividends from subsidiary companies with no or low withholding taxes.
- Tax regime with regards to the taxation of any dividends received from subsidiary companies.
- Other significant tax considerations
  - Controlled Foreign Companies (CFC) Rules
  - Thin Capitalisation Rules
  - Inheritance or Estate Taxes
  - Wealth Taxes
  - Tax Losses
  - Tax Credit for foreign tax paid
  - Stamp Duty
  - Capital Duty
  - Re-Domiciliation of Companies
  - EU Interest and Royalties Directive
  - Tax Treatment of Liquidation Proceeds
- Double Tax Treaties


## Tax regime with regards to 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.

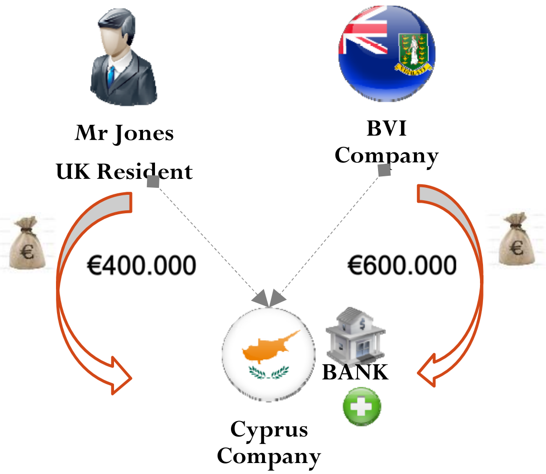
A circular has been issued by the Cypriot tax authorities further clarifying what is included in the term Securities. According to the circular the term includes, among others, options, short positions on futures, forwards on Securities, swaps on Securities, depositary receipts on Securities (ADRs, GDRs), rights of claim on bonds and debentures (rights on interest of these instruments are not included), index participations only if they relate to 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
# Disposal of Shares

## Share Issue Financing – Cyprus Co. (1)




- On 1/1/2013 the Cyprus company issued at a premium, 1.000 shares of nominal value of Eur1,00 each for Eur1.000 each. (No stamp duty applies on share premium)
- The two shareholders of the Cyprus company subscribed for the total amount of €1.000.000. Mr Jones gave €400.000 and BVI Co gave € 600.000.

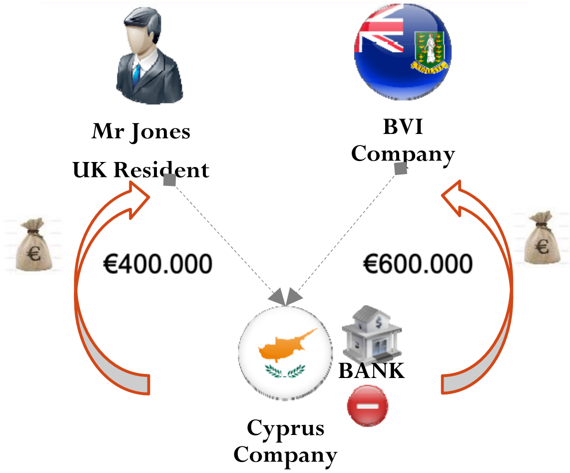
## Share Acquisition – Russian Company (2)


- On the same date, 1/1/2013, the Cyprus company subscribed and acquired 100% of the issued share capital of a Russian company, for a total consideration of €1.000.000.

## Disposal of Shares – Russian Company (3)


- After 6 months, on the 30/6/2013 the Cyprus company disposed the shares in the Russian company for a total consideration of Eur2.000.000
- 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.

## Loan Repayment – Cyprus Company (4)




- The Cyprus company distributes in the form of dividends the whole profit of Eur1.000.000 from the realisation of the investment in the Russian Co.
- Cypriot tax rules provide no withholding tax on dividend payments made to non-residents of Cyprus. On 30/06/13, Mr Jones will receive €400.000 and BVI Co will receive €600.000, both receipts without any tax deduction in the Cyprus company.

## Tax Payable – Cyprus Company (5)

| | € |
|---|---|
| Sale of shares | 2.000.000 |
| Purchase Cost | (1.000.000) |
| Net Profit | 1.000.000 |
| | |
| No Tax | Exempt |

## *Tax regime with regards to the tax treatment of outward dividends*

- Outward dividends paid by the Cypriot holding 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 the Cypriot holding company to individuals non-resident in Cyprus do not suffer any withholding tax in Cyprus.

- Outward dividends paid by the Cypriot holding company to individuals resident in Cyprus, do suffer a 20% special defence tax at source.

## *Tax regime with regards to the extraction of dividends from subsidiary companies*

### Extraction of Dividends from EU Countries

Cyprus has transposed into Cypriot Law the EU Parent Subsidiary Directive. Though Cyprus tax rules are more liberal than the requirements of the Directive.

While the directive provides for a minimum holding by a parent company of 15% in the capital of a company in another member state, Cyprus has imposed a minimum holding of 1%.

Cyprus companies are eligible EU-Companies benefiting from the participation exemption regime. Consequently, dividends distributed by eligible EU subsidiaries, to a Cyprus holding company would not be subject to any withholding taxes in those countries, provided all conditions of the EU Parent/subsidiary directive are met.

### Extraction of Dividends from Non-EU Countries

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

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.

***Appendix 1***, 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.

## *Tax regime with regards to inward dividends*

Cyprus provides full exemption from local taxation in respect of dividends received by a Cyprus holding 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 holding company from its non-resident subsidiaries. This exemption is given regardless of the holding period of the shareholding and without any minimum % holding requirements.

The exemption will not be granted only if both of the conditions below are satisfied:

- The company paying the dividend engages directly or indirectly more than fifty per cent (50%) in activities which lead to investment income*; AND
- The foreign tax burden** on the income of the company paying the dividend is substantially lower than the tax burden in Cyprus.

* *Investment income* means any income which is not derived or arising from any business, employment, pensions or annuities which are paid by reason or in connection with a past employment. Dividends and interest can be considered as investment income.

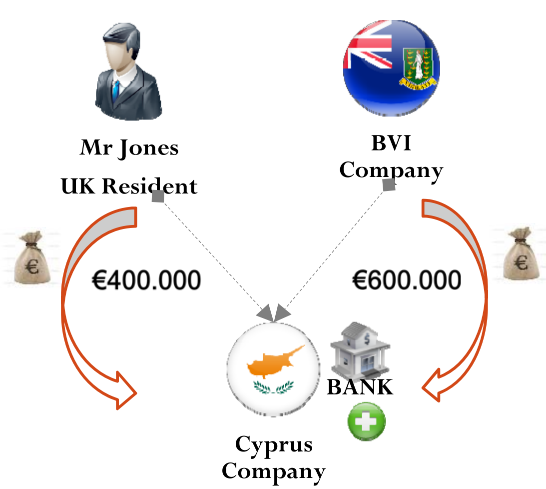
** *Foreign tax burden* substantially lower. Generally accepted by the tax authorities in Cyprus that substantially lower means lower than 6,25%.

When dividend income is not exempt there is a 20% defence tax contribution. However, Cyprus Income Tax Law provides relief from double taxation in relation to tax imposed by the laws of another country.

***Flowcharts 2&3***, give two diagrammatical examples showing the tax treatment of inward and outward dividends when the subsidiary is located in Europe and when the subsidiary is located outside Europe.

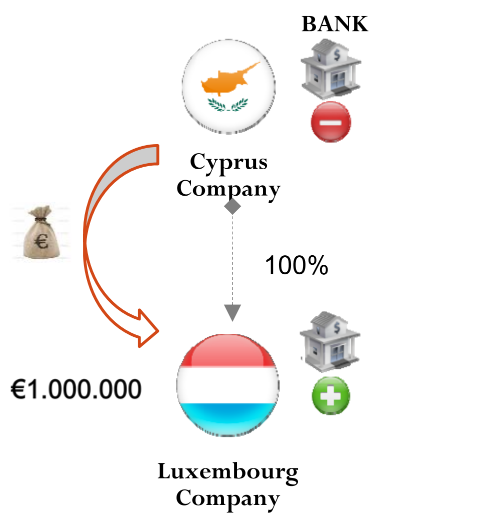
# Flowchart 2
# Dividends Received – EU Co

## Share Issue Financing – Cyprus Co. (1)



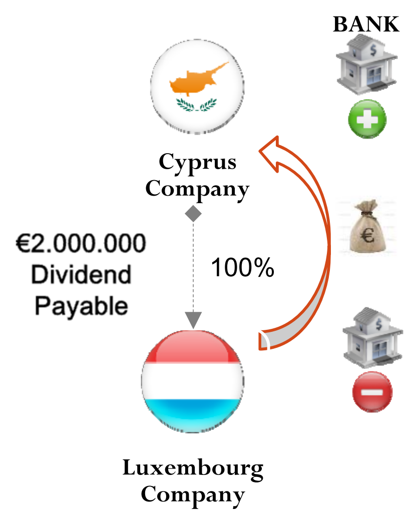

- On 1/1/2012 the Cyprus company issued at a premium, 1.000 shares of nominal value of Eur1,00 each for Eur1.000 each. (No stamp duty applies on share premium)
- The two shareholders of the Cyprus company subscribed for the total amount of €1.000.000. Mr Jones gave €400.000 and BVI Co gave € 600.000.

## Share Acquisition – Lux Company (2)



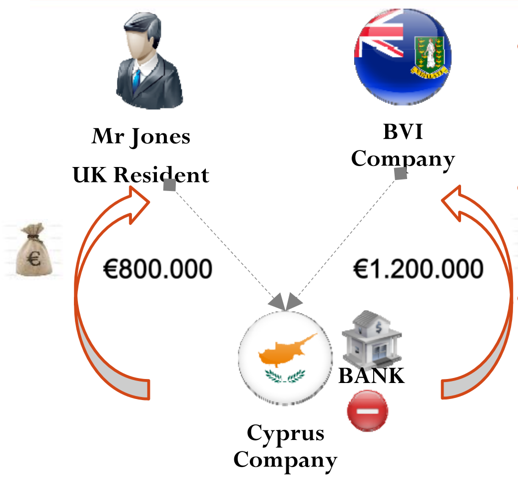

- On the same date, 1/1/2012, the Cyprus company subscribed and acquired 100% of the issued share capital of a Luxembourg company, for a total consideration of €1.000.000.
- The Luxembourg company uses the funds to finance its activities in the steel making industry.

## Dividends Payable– Lux Company (3)




- After 24 months, on the 1/1/2014 the Luxembourg company declares and pays a dividend equal to Eur2.000.000
- The dividends are not subject to withholding tax in Luxembourg if the following conditions are fulfilled:
- Direct and continuous shareholding of at least 10% in the Capital of Luxpro or with an acquisi tion price of at least EUR1.2m, for a period of at least 12 months.
- The recipient of the dividends is a company listed in Article 2 of the EU Parent Subsidiary Directive.
- Luxpro is a fully taxable company which is a resident of Luxembourg.

## Dividends Payable – Cyprus Company (4)




- Cypriot tax rules provide full exemption from local taxation in respect of dividends received from its foreign trading subsidiaries.
- The Cyprus company distributes in the form of dividends the whole dividend income of Eur2.000.000.
- Cypriot tax rules provide no withholding tax on dividend payments made to non-residents of Cyprus. Mr Jones will receive €800.000 and BVI Co will receive €1.200.000, both receipts without any tax deduction in the Cyprus company.

## Tax Payable – Cyprus Company (5)

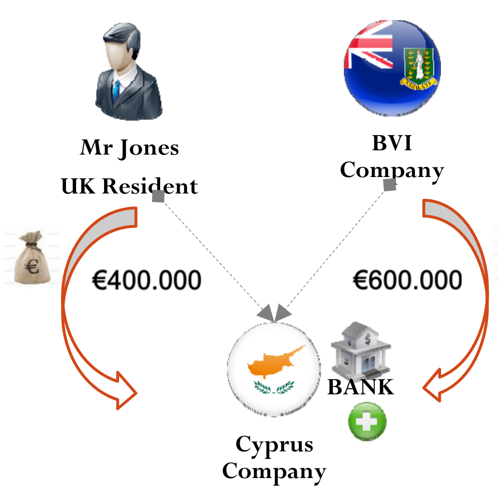
| | € |
|---|---|
| Dividend Receivable | 2.000.000 |
| Net Profit | 2.000.000 |
| No Tax | Exempt |

# Flowchart 3

# Dividends Received – Non EU Co

## Share Issue Financing – Cyprus Co.

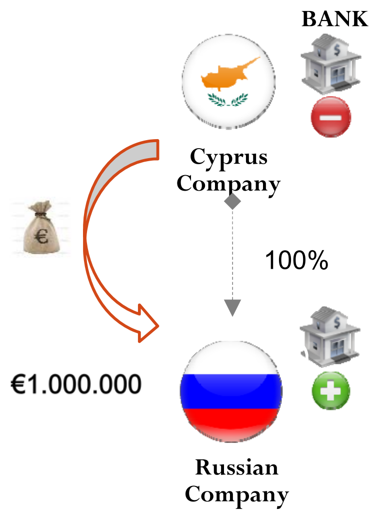
1




- On 1/1/2012 the Cyprus company issued at a premium, 1.000 shares of nominal value of Eur1,00 each for Eur1.000 each. (No stamp duty applies on share premium)
- The two shareholders of the Cyprus company subscribed for the total amount of €1.000.000. Mr Jones gave €400.000 and BVI Co gave € 600.000.

## Share Acquisition – Russian Company

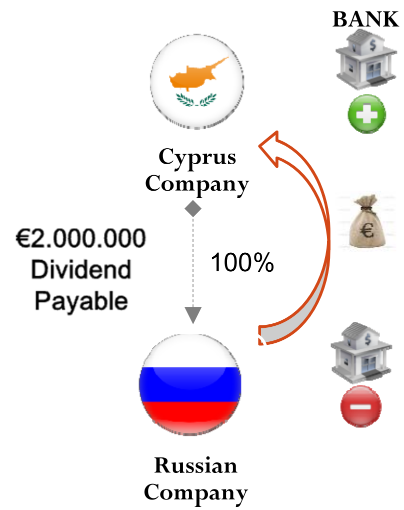
2




- On the same date, 1/1/2012, the Cyprus company subscribed and acquired 100% of the issued share capital of a Russian company, for a total consideration of €1.000.000.
- The Russian company uses the funds to finance its activities in the oil industry.

## Dividends Payable – Russian Company

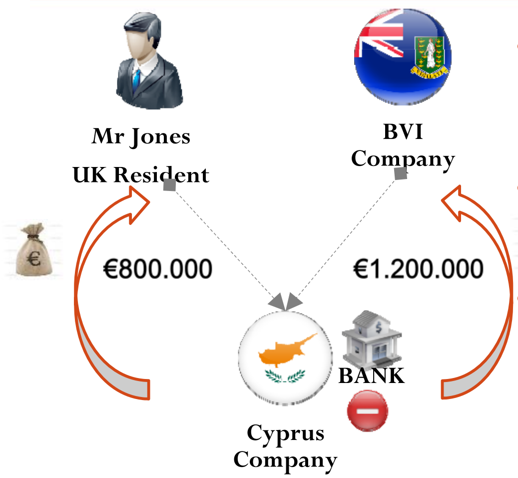
3




- After 12 months, on the 1/1/2013 the Russian company declares and pays a dividend equal to Eur2.000.000
- The dividends normally are subject to withholding tax in Russia of 15%. However, Cyprus has one of the most favourable tax treaties with Russia, and this withholding tax is reduced to 5%.
- Thus, total withholding tax in Russia, Eur1.00.000.
- Cyprus tax laws offer unilateral tax relief on any tax suffered abroad on income subject to income tax. Such tax paid will be credited against any income tax payable on such income irrespective of the existence of a double tax treaty.

## Dividends Payable – Cyprus Company

4

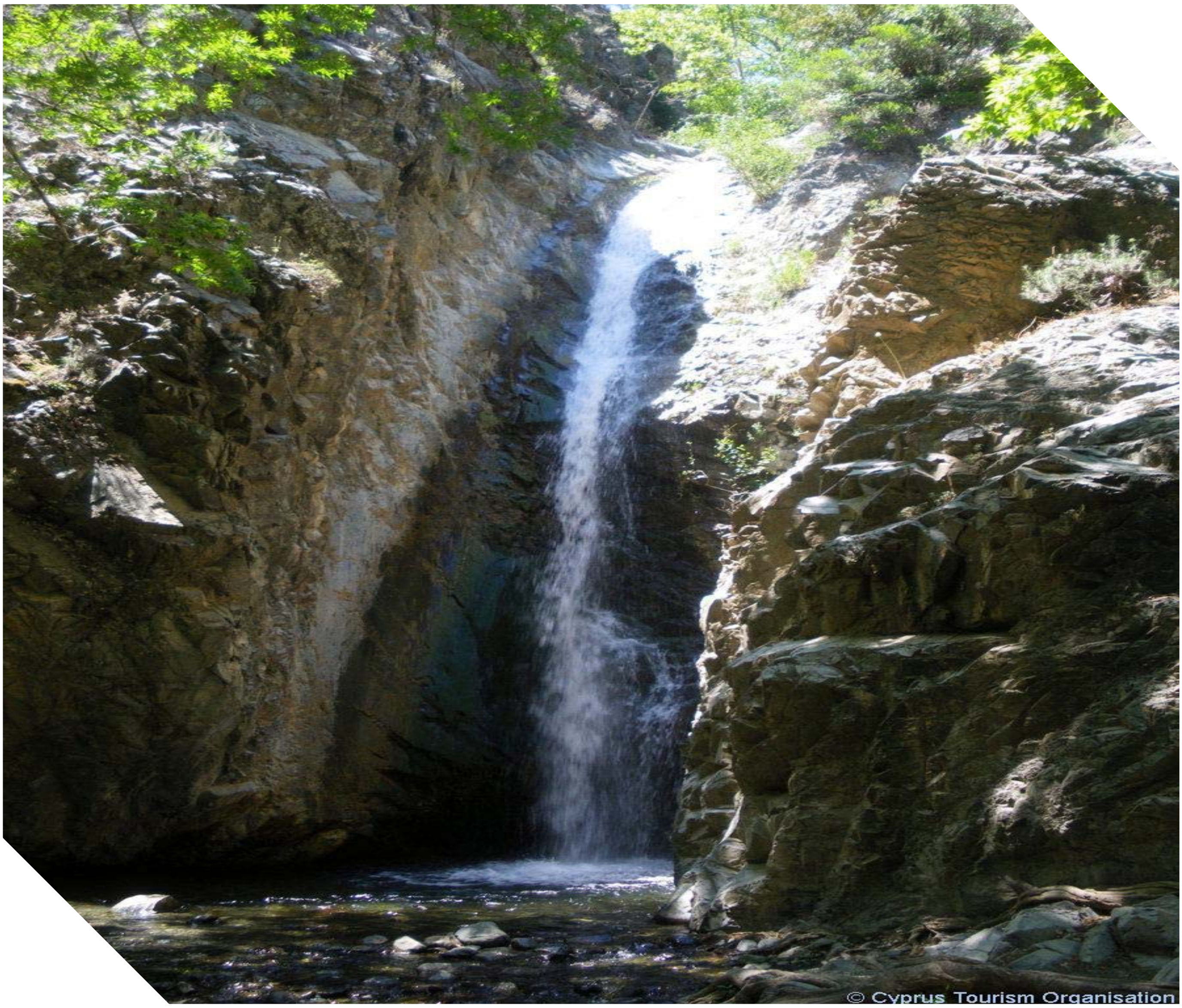



- Cypriot tax rules provide full exemption from local taxation in respect of dividends received from its foreign trading subsidiaries.
- The Cyprus company distributes in the form of dividends the whole dividend income of Eur1.9000.000.
- Cypriot tax rules provide no withholding tax on dividend payments made to non-residents of Cyprus. Mr Jones will receive €760.000 and BVI Co will receive €1.140.000, both receipts without any tax deduction in the Cyprus company.

## Tax Payable – Cyprus Company

5

| | € |
|---|---|
| Dividend Receivable | 2.000.000 |
| Foreign Tax Suffered | 100.000 |
| Net Profit | 1.900.000 |
| Cyprus Tax – 0% | Exempt |
| Foreign tax suffered (Eur100.000) | Cannot be utilised or c/f |


© Cyprus Tourism Organisation

## Other Significant Tax Considerations

### 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.

### Inheritance or Estate Taxes

Cyprus does not have in its legislation any inheritance or estate taxes.

### Wealth Taxes

Cyprus does not have in its legislation any taxes that are imposed on wealth.

### Tax Losses

When a loss is not wholly set-off against income from other sources in the same year, it can be carried forward for the next five years (from the end of the tax year in which they were incurred) and set-off against future taxable income of the company. Loss is automatically set-off against the first available taxable income of the company. Losses can only be carried forward. No carry-back of losses is allowed.

### Tax Credit for foreign tax paid

Any tax suffered abroad on income subject to income tax will be credited against any income tax payable on such income irrespective of the existence of a double tax treaty.

### Stamp Duty

In accordance with the Stamp Duty Law of 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 2014 the maximum stamp duty on contracts is Euro20.000.

**Capital Duty**

According to the Cyprus Companies Act Law, every Cyprus incorporated company must pay capital duty on incorporation equal to Euro103 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.

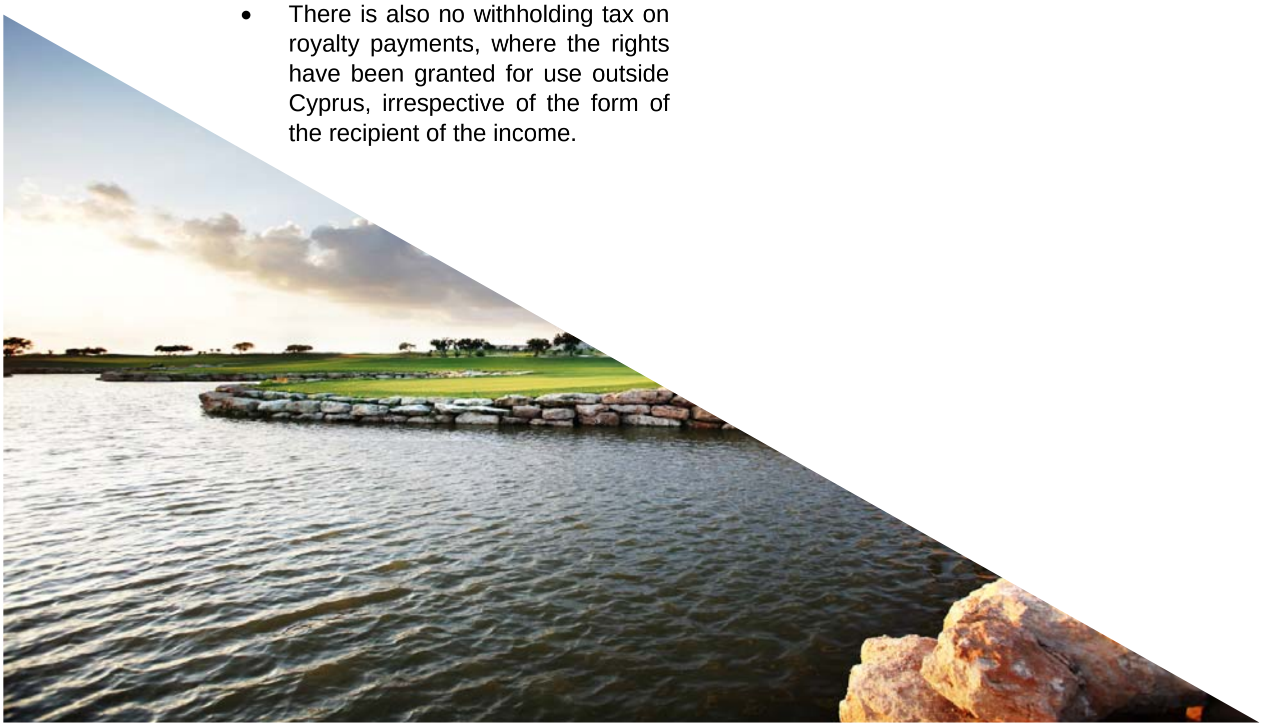
**Re-Domiciliation of Companies**

Re-domiciliation of companies in and out of Cyprus is permissible, however the other jurisdiction's legislation must also recognize such a possibility.

**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.



**Tax Treatment of Liquidation Proceeds**

**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.

# Appendix 1 - Double Tax Treaties

| | *RECEIVED IN CYPRUS* | Dividends | Interest | Royalties |
|---|---|---|---|---|
| | | | | |
| | **Treaty countries:** | | | |
| 1 | **Armenia** | 0(32) | 5(33) | 5 |
| 2 | **Austria(31)** | 10 | 0 | 0 |
| 3 | **Belarus** | 5(4) | 5 | 5 |
| 4 | **Belgium** | 10(1) | 10(16) | 0 |
| 5 | **Bulgaria** | 5(19) | 7(25) | 10(20) |
| 6 | **Canada** | 15 | 15(7) | 10(11) |
| 7 | **China** | 10 | 10 | 10 |
| 8 | **Czech Republic** | 0(30) | 0 | 10 |
| 9 | **Denmark** | 0(34) | 0 | 0 |
| 10 | **Egypt** | 15 | 15 | 10 |
| 11 | **Estonia(35)** | 0 | 0 | 0 |
| 12 | **France** | 10(2) | 10(9) | 0(26) |
| 13 | **Finland*** | 5(37) | 0 | 0 |
| 14 | **Germany** | 5(2) | 0 | 0 |
| 15 | **Greece** | 25 | 10 | 0(12) |
| 16 | **Hungary** | 5(1) | 10(8) | 0 |
| 17 | **India** | 10(2) | 10(8) | 15(15) |
| 18 | **Ireland** | 0 | 0 | 0(12) |
| 19 | **Italy** | 15 | 10 | 0 |
| 20 | **Kuwait(31)** | 10 | 10(8) | 5(14) |
| 21 | **Kyrgyzstan(27)** | 0 | 0 | 0 |
| 22 | **Lebanon** | 5 | 5(16) | 0 |
| 23 | **Malta** | 0(22) | 10(8) | 10 |
| 24 | **Mauritius** | 0 | 0 | 0 |
| 25 | **Moldova** | 5(19) | 5 | 5 |
| 26 | **Montenegro(28)** | 10 | 10 | 10 |

| | RECEIVED IN CYPRUS | Dividends | Interest | Royalties |
|---|---|---|---|---|
| 27 | Norway | 5(3) | 0 | 0 |
| 28 | Poland | 0(36) | 5(8) | 5 |
| 29 | Portugal* | 10 | 10 | 10 |
| 30 | Qatar | 0 | 0 | 5 |
| 31 | Romania | 10 | 10(8) | 5(14) |
| 32 | Russia | 5(6) | 0 | 0 |
| 33 | San Marino | 0 | 0 | 0 |
| 34 | Serbia(28) | 10 | 10 | 10 |
| 35 | Seychelles | 0 | 0 | 5 |
| 36 | Singapore | 0 | 10(23) | 10 |
| 37 | Slovakia(29) | 10 | 10(8) | 5(14) |
| 38 | Slovenia | 5 | 5(33) | 5 |
| 39 | South Africa | 0 | 0 | 0 |
| 40 | Spain* | 5(38) | 0 | 0 |
| 41 | Sweden | 5(1) | 10(8) | 0 |
| 42 | Syria | 0(1) | 10(8) | 15(13) |
| 43 | Tajikistan(27) | 0 | 0 | 0 |
| 44 | Thailand | 10 | 15(17) | 5(18) |
| 45 | Ukraine | 5(39) | 2 | 5 |
| 46 | United Arab Emirates(35) | 0 | 0 | 0 |
| 47 | United Kingdom | 0(24) | 10 | 0(26) |
| 47 | United States | 0(5) | 10(10) | 0 |
| 48 | Uzbekistan(27) | 0 | 0 | 0 |

**NOTES:**

**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. 10% in the case of royalties granted for use within the Republic. 5% on film and TV rights.

(1) 15% if received by a company controlling less than 25% of the voting power.

(2) This rate if received by a company controlling more than or equal to 10% of the voting power. 15% in all other cases.

(3) NIL if paid to a company controlling at least 50% of the voting power.

(4) This rate 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.

(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, musical, artistic work, films and TV royalties.

(14) NIL on literary, artistic or scientific work including films.

(15) Treaty rate restricted to Cyprus legislation rate of 10%. 10% also applies to 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 or 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) A new treaty has been signed as of 8 November 2012 that has not come into effect yet.

(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 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 Government 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 a 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.**

**(36) 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 24 months. 5% in all other cases.**

**(37) 5% 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. 15% in all other cases.**

**(38) NIL if paid to a company controlling at least 10% of the voting power.**

**(39) 5% if the beneficial owner holds at least 20% of the capital of the company paying the dividends or has invested in the acquisition of the shares or other rights of the company equivalent of at least Euro100.000. 15% in all other cases.**


© Cyprus Tourism Organisation

PUBLICATION DATE: February 2014



*CONTACT US*

*Should you wish to receive further details on any of the services we offer, or would like to receive any of our free publications, please do not hesitate to contact us at our following contact details:*

**www.centaurtrust.com**