



Newsletter

Cyprus–Kazakhstan *Double Tax Treaty*



Areti Charidemou & Associates LLC

The Cyprus Ministry of Finance has announced that Cyprus and Kazakhstan signed a first-time Double Tax Treaty (DTT) on 24 May 2019. The agreement is based on the OECD (Organisation for Economic Co-operation and Development) Model Convention for the Avoidance of Double Taxation and the Prevention of Tax Evasion.

Main Provisions

Withholding tax rate on interest payments

1. Interest paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State.
2. However, such interest may also be taxed in the Contracting State of which the company paying the interest is a resident and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the withholding tax shall not exceed:
 - (a) 10% of the gross amount; or
 - (b) 0% for certain interest payments to the Government;

As per the domestic Cyprus tax legislation no Cyprus withholding applies on interest payments to non-Cyprus tax residents.

Withholding tax rate on dividend payments

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.
2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the withholding tax shall not exceed:
 - a) 5% of the gross amount of the dividends if the beneficial owner is a company which holds at least 10 per cent of the capital of the company paying the dividends; or
 - b) 15% of the gross amount of the dividends in all other cases;

As per the domestic Cyprus tax legislation no Cyprus withholding applies on dividend payments to non-Cyprus tax residents.

Withholding tax rate on royalties' payments

1. Royalties paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State.
2. However, such royalty may also be taxed in the Contracting State of which the company paying the royalty is a resident and according to the laws of that State, but if the beneficial owner of the royalty is a resident of the other Contracting State, the withholding tax shall not exceed:
 - 10% of the gross amount;

As per the domestic Cyprus tax legislation no Cyprus withholding applies on royalty payments to non-Cyprus tax residents (except if the royalty payments earned on rights used within Cyprus).



Areti Charidemou & Associates LLC



21 Vasili Michailidi Street,
3026, Limassol, Cyprus,
P.O.Box 54708, CY-3727



Tel: +357 25508000
Fax: +357 25508032



info@aretilaw.com



www.aretilaw.com