



**K. TREPPIDES  
& CO LTD**

**Direct Taxation**

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***Protocol Ratification of the Double Tax Treaty  
between Cyprus and Ukraine***

The Ukrainian parliament has passed on 30 October 2019 a draft law, ratifying the amending protocol of the Double Tax Treaty between Cyprus and Ukraine, signed on 11 December 2015. The amending protocol is now in force and shall apply from 1/1/2020.

The main amendments effected by the Protocol to the existing tax treaty include the following:

Dividends

Withholding Tax on dividends should not exceed:

- 5% of the gross amount of dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 20% of the capital of the company paying the dividends **and** has invested the equivalent of at least EUR100,000 in the acquisition of the shares or other rights of the company;
- 10% on gross dividends will apply in all other cases (replacing the previous rate of 15%)

### Interest

Withholding tax on gross interest of 5% will apply (replacing the previous rate of 2%).

### Capital Gains Tax

Capital Gains derived by a resident of a State from the alienation of shares deriving of more that 50% of their value directly or indirectly from the immovable property situated in the other State, may be taxed in that other State with certain exceptions. Any other disposal of shares is taxed in the State of the alienator provided that it is subject to tax in that State.

### Most favorable nation clause

This clause has now been introduced whereby, if Ukraine enters into a double tax treaty with another country, which provides for more favorable provisions for dividends, interests, royalties and capital gains than those provided to Cyprus, the two states (Cyprus and Ukraine) have the right to renegotiate the provisions of the Double Tax Treaty to include these more favorable terms.

We are happy to discuss with you and offer further assistance in relation to the above amendments. For any further information required, please do not hesitate to contact us.



#### **Nicosia**

Treppides Tower  
9 Kafkasou Street  
Aglantzia  
Nicosia, CY 1642  
Cyprus  
P.O.Box 27142

#### **Limassol**

Kristellina Tower  
12 Arch. Makarios III Avenue  
Mesa Geitonia, 4th Floor  
Limassol, CY 4000  
Cyprus

Tel: +357 22 678944

Fax: +357 22 681887

Web: [www.treppides.com](http://www.treppides.com)

Tel: +357 25 822722

Fax: +357 25 822723

Web: [www.treppides.com](http://www.treppides.com)

## London

Treppides Advisers Ltd  
7 Milner Street,  
London, SW3 2QA  
United Kingdom

Tel: +44 20 7569 6756

Fax: +44 20 7569 6757

Web: [www.treppidesadvisers.co.uk](http://www.treppidesadvisers.co.uk)

Email: [info@treppidesadvisers.co.uk](mailto:info@treppidesadvisers.co.uk)

## Malta

Finanz Audit Ltd  
Level 1, Somnium  
Tower Road, Swatar  
Birkirkara, BKR 4012  
Malta

Tel: +356 2010 8080

Fax: +356 2546 6103

Web: [www.finanz-audit.com](http://www.finanz-audit.com)

Email: [info@finanz-audit.com](mailto:info@finanz-audit.com)

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K. Treppides & Co Limited - Client List

**Our mailing address is:**

K.Treppides & Co Ltd

Treppides Tower 9 Kafkasou Aglatzia

Nicosia 2112

Cyprus

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