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Additional rates for calculating notional interest deduction for new equity capital announced



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Corporate Tax, Cyprus

🕒 Bond rates

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Bond rates

Earlier in 2016 the Tax Department announced the 10-year government bond rates at December 31 2014, which will be used as the basis for the notional interest deduction for the 2015 tax year for Cyprus, Germany, India, Romania and Russia (for further details please see "New rates for calculating notional interest deduction for new equity capital"). It subsequently announced the corresponding rates at December 31 2015, as well as a rate for Ukraine, which will be used as the basis for the notional interest deduction on capital introduced during 2016.

The Tax Department has now announced rates at December 31 2015 for the Czech Republic, Latvia, Poland and the United Arab Emirates, on which the notional interest deduction on capital introduced in 2016 will be based. The notional interest deduction for capital introduced during 2015 to finance assets used in any of these countries or in Ukraine will be based on the rate for Cyprus.

The bond rates announced so far are set out in the table below.

Country	Bond rates	
	December 31 2014	December 31 2015
Cyprus	5.037%	3.685%
Czech Republic	N/A	0.499%
Germany	0.540%	0.568%
India	7.860%	7.758%
Latvia	N/A	1.104%
Poland	N/A	2.937%
Romania	3.570%	3.703%
Russia	13.730%	9.570%
Ukraine	N/A	9.622%
United Arab Emirates	N/A	7.490%

Notional interest deduction rates

Based on the above, the notional interest deduction rates for the 2015 and 2016 tax years are set out in the table below.

Country	Notional interest deduction rates	
	2015	2016
Cyprus	8.037%	6.685%
Czech Republic	8.037%	6.685%
Germany	8.037%	6.685%
India	10.860%	10.758%
Latvia	8.037%	6.685%
Poland	8.037%	6.685%
Romania	8.037%	6.685%
Russia	16.730%	12.570%
Ukraine	8.037%	12.622%
United Arab Emirates	8.037%	10.490%

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