

Corporate Tax - Cyprus

Ratification of protocol to Cyprus-Russia tax treaty nears completion

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The Protocol to the 1998 Double Tax Agreement between Cyprus and Russia (for further information please see "[New protocol added to Cyprus-Russia tax treaty](#)") was finally ratified by Cyprus in September 2011. Following its additional ratification by the Russian State *Duma* on February 15 2012, the only remaining steps are signature by the Russian president and exchange of the instruments of ratification. These are expected to be accomplished well before the end of 2012.

The protocol is scheduled to take effect on January 1 of the year following ratification (apart from some elements regarding taxation of capital gains that do not take effect until four years later), which means that most of its provisions should take effect from January 1 2013.

Ratification of the protocol moves Cyprus closer to removal from the Russian 'blacklist' of offshore jurisdictions, allowing dividends received by Russian companies from subsidiaries in Cyprus to enjoy the Russian dividend participation exemption and further strengthening Cyprus's position as one of the most beneficial jurisdictions for Russian investment.

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