

Corporate Tax - Cyprus

New double taxation agreement between Cyprus and Spain enters into force

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The Spanish government has announced that the double tax agreement between Cyprus and Spain, which was signed on February 14 2013, entered into force on May 28 2014, on expiration of the three-month period from the date of receipt of the last notification referred to in Article 27, Paragraph 1 of the agreement. The Cypriot tax authorities have indicated that they will allow the benefits included in the new agreement with effect from January 1 2014.

For several years up to 2009, Cyprus-resident companies were ineligible for certain Spanish tax benefits and exemptions on account of Cyprus's inclusion in the Spanish authorities' 'black list' of tax havens, despite complying with all relevant information exchange requirements.

In 2009 the Spanish authorities removed the restrictions and progress in the negotiations regarding the double tax agreement resumed. The entry into force of the agreement finally normalises tax relations between the two countries and has already led to a significant expansion of economic ties and reciprocal investment between them.

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