Cyprus – Switzerland Double Tax Treaty enters into force

The new double tax treaty with Switzerland is expected to strengthen further the Cypriot treaty network.

The Double Tax Treaty with Switzerland has now been ratified by Switzerland and will come into effect as from 1st January 2016.

Below is a summary of the main provisions that are included in the Treaty:

**Dividends:**
- Dividend payments by Switzerland will be subject to a withholding tax (WHT) of 15%, which may be reduced to 0% if the beneficial owner (other than a partnership) holds directly at least 10% of the capital of the dividend paying company for an uninterrupted period of at least 1 year.

**Interest:**
- Interest payments from Switzerland to Cyprus will be exempt from any WHT in Switzerland.

**Royalties:**
- Royalty payments from Switzerland to Cyprus will be exempt from any WHT in Switzerland.

**Capital Gains:**
- Gains derived by a Cyprus company from the alienation of shares of a Swiss company deriving more than 50% of their value directly or indirectly from immovable property situated in Switzerland may be taxed in Switzerland.

- The provisions of the preceding sentence shall not apply to gains:
  a) from the alienation of shares quoted on a stock exchange established in either Cyprus or Switzerland or on a stock exchange as may be agreed by the Competent Authorities of Cyprus and Switzerland; or
  b) from the alienation of shares in a company the value of which consist of more than 50% of immovable property, in which the company carries on its business; or
  c) from the alienation of shares derived in the course of a corporate reorganization, amalgamation, division or similar transaction.

- In all other cases, capital gains derived by a Cyprus company from the sale of shares of a Swiss company will be subject to taxation only in Cyprus.

**Note:** The Treaty does not contain a limitation of benefits clause.

We trust the above are sufficient for your purposes; in the event of further information required, please do not hesitate to contact us.
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