

Cyprus – Switzerland Double Taxation Treaty Amendment

August 2020

On 20 July 2020 Switzerland and Cyprus signed in Cyprus's capital Nicosia a protocol amending the already existing treaty between the two countries for the avoidance of double taxation.

This protocol does not amend the existing provisions in relation to withholding taxes. Instead, it updates the treaty to the latest OECD standards by introducing the fundamental OECD base erosion and profit shifting provisions, as well as the provisions concerning the benefit entitlement. The limitation of benefits provisions remain unchanged.

Legislative approval in both countries is required before it can come into force.

As a reminder, the treaty covers taxes on income and capital related to bilateral agreements, which remain unchanged since 2016 and are summarised below:

Dividends

Dividend payments are exempt from any withholding tax (WHT) in Switzerland, subject to a criterion of direct holding of at least 10% of the capital of the dividend-paying company for an uninterrupted period of at least one (1) year. If the minimum holding criterion is not fulfilled, the WHT is set at 15%.

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 capital gains:

- 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 to by the competent authorities of Cyprus and Switzerland
- from the alienation of shares in a company the value of which consists of more than 50% of immovable property in which the company carries on its business

- 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, and will therefore be subject to the various exemptions afforded by the Cyprus tax regime.

Conclusion

It is hoped the enhancements to the DTA between Cyprus and the Swiss Confederation will contribute to the further development of trade and economic relations between the two contracting states.

How Trident Trust Company (Cyprus) Limited Can Assist

- Incorporation of Cyprus companies
- Ongoing company administration, registered office and company secretarial services, including compliance and board meetings
- Directorship and nominee shareholder services
- Bank account opening, administration and signatory services
- Ensuring compliance with Cyprus regulations
- Accounting, bookkeeping and VAT services
- Liaison with the external auditors in respect of annual audit
- Legal services (through associates)
- Tax advice (through associates)
- Office facilities, both physical and virtual

If you or your clients would like to discuss these developments, please contact your usual Trident representative or our Cyprus office by telephone at +357- 258-20-650 or email cyprus@tridenttrust.com.

Offices

The Americas/Caribbean

Bahamas

Trident Corporate Services
(Bahamas) Ltd
T: +1 242 322 6154
bahamas@tridenttrust.com

Barbados

Trident Corporate Services
(Barbados) Ltd
T: +1 246 621 0760
barbados@tridenttrust.com

British Virgin Islands

Trident Trust Company (BVI) Ltd
T: +1 284 494 2434
bvi@tridenttrust.com

Canada

TT Services (Canada) Ltd
T: +1 604 687 0811
vancouver@tridenttrust.com

Cayman Islands

Trident Trust Company
(Cayman) Ltd
T: +1 345 949 0880
cayman@tridenttrust.com

Nevis

Morning Star Holdings Ltd
T: +1 869 469 1817
nevis@tridenttrust.com

Meridian Trust Company Ltd

T: +1 869 469 1333
nevis@tridenttrust.com

Panama

Trident Trust (Panama) S.A.
T: +507 302 7494
panama@tridenttrust.com

United States

Atlanta
Trident Corporate Services, Inc
T: +1 404 233 5275
usa@tridenttrust.com

Trident Fund Services, Inc

T: +1 404 364 2019
americasfunds@tridenttrust.com

Miami

Integritas, Inc
T: +1 305 405 9006
contact@integritastrust.com

New York

Trident Corporate Services, Inc
T: +1 212 840 8280
nyc@tridenttrust.com

Sioux Falls

Trident Trust Company
(South Dakota) Inc
T: +1 605 679 4355
sd@tridenttrust.com

US Virgin Islands

Trident Trust Company (VI) Ltd
T: +1 340 774 7322
usvi@tridenttrust.com

Asia

Hong Kong

Trident Corporate Services (Asia) Ltd,
Trident Fund Services (HK) Ltd
& Trident Trust Company (HK) Ltd
T: +852 2805 2000
hongkong@tridenttrust.com

New Zealand

Trident Trust Company (NZ) Ltd
T: +64 9 300 6067
nz@tridenttrust.com

Singapore

Trident Corporate Services
(Singapore) Pte Ltd, Trident Fund
Services (Singapore) Pte Ltd &
Trident Trust Company (Singapore)
Pte Ltd
T: +65 6653 1800
singapore@tridenttrust.com

EMEA

Cyprus

Trident Trust Company (Cyprus) Ltd
T: +357 258 20 650
cyprus@tridenttrust.com

Dubai

Trident Trust Company (UAE) Ltd
DMCC Branch
T: +971 4 423 9988
dubai@tridenttrust.com

Trident Fund Services (DIFC) Ltd

T: +971 4 277 1191
dubai@tridenttrust.com

Guernsey

Trident Trust Company
(Guernsey) Ltd
T: +44 1481 727571
guernsey@tridenttrust.com

Isle of Man

Trident Trust Company (IOM) Ltd
T: +44 1624 646700
iom@tridenttrust.com

Jersey

Trident Trust Company Ltd
T: +44 1534 733401
jersey@tridenttrust.com

Luxembourg

Trident Trust Company
(Luxembourg) S.A.
T: +352 26 30 28 48
luxembourg@tridenttrust.com

Malta

Trident Corporate Services
(Malta) Limited &
Trident Trust Company (Malta) Ltd
T: +356 21 434 525
malta@tridenttrust.com

Mauritius

Trident Trust Company
(Mauritius) Ltd
T: +230 210 9770
mauritius@tridenttrust.com

Seychelles

Trident Trust Company
(Seychelles) Ltd
T: +248 4 422 000
seychelles@tridenttrust.com

Switzerland

Trident Corporate Services AG
T: +41 44 396 1080
switzerland@tridenttrust.com

United Kingdom

Trident Trust Company (UK) Ltd
T: +44 20 7935 1503
uk@tridenttrust.com

Trident Company

Services (UK) Ltd
T: +44 20 7487 0460
corpservices@tridenttrust.com