

Cyprus and India Agree New DTA

On 29 June 2016 Cyprus and India successfully completed negotiations for a new Double Taxation Agreement (“DTA”) between the two countries for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income.

The agreement will further develop the strong existing trade and economic links between Cyprus and India, as well as with other countries that use Cyprus as a financial and trading hub. Cyprus is ranked as the eighth largest country for Foreign Direct Investment flows into India.

The agreement reached provides for source-based taxation of gains from the alienation of shares after 1 April 2017. However, disposal of shares in investments made prior to 1 April 2017, regardless of when the disposal is made, will be subject to tax in country of tax residence of the seller.

It is expected that the new DTA will enter into force in the coming months following ratification by both contracting states. Once this is done, the Indian Authorities will retrospectively rescind the classification of Cyprus as a ‘Notified Jurisdictional Area’ as from 1 November 2013.

To discuss using Cyprus for investments into or out of India, please contact cyprus@tridenttrust.com.

Trident Trust Company (Cyprus) Ltd
Trident Centre
115 Griva Digeni Avenue
3731 Limassol, Cyprus
Tel +357-258-20-650
Fax+357-253-61-857