No. 9342

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
and
CYPRUS

Agreement amending the Arrangement confirmed on 8 August 1947 for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Nicosia, on 7 March 1968

Official text : English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 10 December 1968.

ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD
et
CHYPRE

Accord modifiant l'Arrangement confirmé le 8 août 1947 tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signé à Nicosie, le 7 mars 1968

Texte officiel anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 10 décembre 1968.

No. 9342. AGREEMENT[1] BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF CYPRUS AMENDING THE ARRANGEMENT[2] BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF CYPRUS FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. SIGNED AT NICOSIA, ON 7 MARCH 1968

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Cyprus.

Desiring to amend the Arrangement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income in force between Her Majesty's Government and the Government of Cyprus immediately before 16 August, 1960, when the independent sovereign Republic of Cyprus was established and continued in force since that date between the Government of the United Kingdom and the Government of the Republic of Cyprus (hereinafter referred to as " the Arrangement ").

Have agreed as follows :

Article 1

The Arrangement shall be amended :

(*a*) by the substitution for paragraph 2 (1) (*b*) of the following :

" (*b*) The term ' Cyprus ' means the Republic of Cyprus. " ;

(*b*) by the substitution for the references therein to " the Colony ", " Colonial enterprise " and " Colonial tax " of references to " Cyprus ", " Cyprus enterprise " and " Cyprus tax " respectively ;

[1] Came into force on 12 July 1968, when the last of all such things had been done in the United Kingdom of Great Britain and Northern Ireland and Cyprus as were necessary to that effect, in accordance with article 2 (1).

[2] The Arrangement concluded before Cyprus attained independence was confirmed and declared effective by an Order-in-Council dated at London on 8 August 1947. The text of this Arrangement is published for reference purposes on p. 208 of this volume.

(*c*) by the addition at the end of paragraph 6 of the following new sub-paragraph :

" (3) If the recipient of a dividend is a company which owns 10 per cent. or more of the class of shares in respect of which the dividend is paid then sub-paragraph (1) shall not apply to the dividend to the extent that it can have been paid only out of profits which the company paying the dividend earned or other income which it received in a period ending twelve months or more before the relevant date. For the purposes of this sub-paragraph the term 'relevant date' means the date on which the beneficial owner of the dividend became the owner of 10 per cent or more of the class of shares in question. Provided that this sub-paragraph shall not apply if the beneficial owner of the dividend shows that the shares were acquired for *bona fide* commercial reasons and not primarily for the purpose of securing the benefit of this paragraph." ;

and

(*d*) by the substitution for sub-paragraphs (1) and (2) of paragraph 13 of the following new sub-paragraphs :

" (1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof) :

(*a*) Cyprus tax payable under the laws of Cyprus and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within Cyprus shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits or income by reference to which the Cyprus tax is computed. Provided that in the case of a dividend the credit shall only take into account such tax in respect thereof as is additional to any tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient without reference to any tax so payable.

(*b*) Where a company which is a resident of Cyprus pays a dividend to a company resident in the United Kingdom which controls directly or indirectly at least 10 per cent. of the voting power in the first-mentioned company, the credit shall take into account (in addition to any Cyprus tax for which credit may be allowed under (*a*) of this sub-paragraph) the Cyprus tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid.

(2) Subject to the provisions of the law of Cyprus regarding the allowance as a credit against Cyprus tax of tax payable in a territory outside Cyprus (which shall not affect the general principle hereof) :

(*a*) United Kingdom tax payable under the laws of the United Kingdom and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within the United Kingdom shall be allowed as a credit against any Cyprus tax computed by reference to the same profits or income by reference to which the United Kingdom tax is computed. Provided that in the case of a dividend the credit shall only take into account such tax in respect thereof as is additional to any tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient without reference to any tax so payable.

(*b*) Where a company which is a resident of the United Kingdom pays a dividend to a company resident in Cyprus which controls directly or indirectly at least 10 per cent of the voting power of the first-mentioned company, the credit shall take into account (in addition to any United Kingdom tax for which credit may be allowed under (*a*) of this sub-paragraph) the United Kingdom tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid. "

Article 2

(1) This Agreement shall enter into force when the last of all such things shall have been done in the United Kingdom and Cyprus as are necessary to give the Agreement the force of law in the United Kingdom and Cyprus respectively.

(2) Upon the entry into force of this Agreement in accordance with paragraph (1) the new sub-paragraph (3) of paragraph 6 of the Arrangement shall have effect immediately and the new-paragraphs (1) and (2) of paragraph 13 of the Arrangement shall have effect :

(*a*) in the United Kingdom :

(i) as respects income tax including surtax, for any year of assessment beginning on or after 6 April, 1968 ; and

(ii) as respects corporation tax, for any financial year beginning on or after 1 April, 1968 ;

(*b*) in Cyprus :

as respects income tax, for any year of assessment beginning on or after 1 January, 1968.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed this Agreement.

DONE in duplicate in the English language at Nicosia this seventh day of March, 1968.

For the Government of the United Kingdom of Great Britain and Northern Ireland :

N. E. COSTAR

For the Government of the Republic of Cyprus :

S. A. KYPRIANOU

ARRANGEMENT BETWEEN HIS MAJESTY'S GOVERNMENT AND THE GOVERNMENT OF CYPRUS FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

1. (1) The taxes which are the subject of this Arrangement are :

(*a*) In the United Kingdom :

The income tax (including sur-tax) and the profits tax (hereinafter referred to as " United Kingdom tax ").

(*b*) In Cyprus :

The income tax (hereinafter referred to as " Colonial tax ").

(2) This Arrangement shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Cyprus after this Arrangement has come into force.

2. (1) In this Arrangement, unless the context otherwise requires :

(*a*) The term " United Kingdom " means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man.

(*b*) The term " the Colony " means Cyprus.

(*c*) The terms " one of the territories " and " the other territory " mean the United Kingdom or the Colony, as the context requires.

(*d*) The term " tax " means United Kingdom tax or Colonial tax, as the context requires.

(*e*) The term " person " includes any body of persons, corporate or not corporate.

(*f*) The term " company " includes any body corporate.