

# 2015

## Double Tax Treaty between Cyprus & Iceland



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**Cyprus and Iceland have signed a double taxation agreement based on the OECD Model Convention for the Avoidance of Double Taxation on Income and on Capital, entering into force as from the 22nd December 2014.**

This is the first ever double tax treaty signed between the two countries; by signing this agreement both countries aim to strengthen their trade and economic relations.

The rates of withholding tax on dividends, interests and royalties are set out as follows:

**Withholding tax on dividends:**

5 per cent of the gross amount of the dividends of the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends;

10 per cent of the gross amount of the dividends in all other cases;

**Withholding tax on interests:**

Nil

**Withholding tax on royalties:**

5 per cent on the gross amount of the royalty.

Regardless of the withholding tax rates on dividends and royalty, Cyprus does not apply any withholding taxes on dividend payments to non-Cyprus tax residents at all times, applying only withholding tax on royalties payment to non-Cyprus tax residents for rights used within Cyprus as per the provisions of the local tax legislation.