ENTERPRISE NETWORK LTD

Tax & Corporate Services

2015

Double Tax Treaty between Cyprus & Lithuania

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The double taxation treaty (DTT) signed between Cyprus and Lithuania in June of 2013 came into force on January 1, 2015.

In accordance with the treaty, the following withholding taxes will apply:

- **Dividend Payments**: No withholding tax (0%) shall be applied on dividend payments, provided that: the recipient is a company and is the beneficial owner of the dividends, and has a minimum direct holding of 10% of the capital of the company in question. Otherwise dividend payments will be subject to a withholding tax of 5%.

- **Interest Payments:** No withholding tax (0%) shall be applied.

- **Royalty payments:** 5% withholding tax shall be applied.

- **Capital Gains** from the sale of shares will be taxed in the country of residence of the alienator. Gains from the sale of shares deriving their value or the greater part of their value directly or indirectly from exploration or exploitation rights and/or property situated in the other Contracting State and used in connection with the exploration or exploitation of the natural resources situated in that other State will be taxed in that other State.

Clearly, the use of a Cyprus company in combination with a Lithuanian entity can have tax planning opportunities for residents of Lithuania as well as for third country investors intending **to do business with, or invest in, Lithuania.**