



# Tax Alert

## Cyprus-Iran Double Tax Treaty enters into force

The double tax treaty with Iran has now entered into force and will come into effect as from 1<sup>st</sup> January 2018. The new double tax treaty with Iran is expected to strengthen further the Cypriot treaty network.

Below is a summary of the main provisions included in the treaty:

### Dividends

Dividend payments will be subject to withholding tax at the rate of 10%, which may be reduced to 5% if the beneficial owner holds directly at least 25% of the capital of the dividend paying company.

### Interest

Withholding tax on interest payments shall not exceed the rate of 5% provided that the recipient is the beneficial owner of such interest income.

### Royalties

Withholding tax on royalty payments shall not exceed the rate of 6% provided that the recipient is the beneficial owner of such royalty income.

### Capital Gains

Capital gains arising from the alienation of the shares of a company will be taxable only in the state of residency of the alienator, unless more than 50% of the value of such shares is derived directly from immovable property situated in the other state in which case taxation will be levied at the state where the immovable property is situated.

We trust the above are sufficient for your purposes; in the event of further information required, please do not hesitate to contact your trusted KPMG advisor.

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