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**CYPRUS AND INDIA CONCLUDED THE NEGOTIATIONS
ON THE DOUBLE TAX TREATY BETWEEN THE TWO COUNTRIES
RESULTING IN THE REMOVAL OF CYPRUS FROM THE LIST OF
“NOTIFIED JURISDICTIONAL AREAS”**

Cyprus Ministry of Finance announced that on the 29th of June 2016 the negotiations taking place in New Delhi, between Cyprus and India were successfully completed. The successful completion of the negotiation on several issues of the Cyprus – India Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion will result in the removal of Cyprus from the list of Notified Jurisdictional areas which was included in November 2013.

As it was agreed, the removal of Cyprus from the list of the Notified Jurisdictional areas by the Indian Authorities will be made retrospective with effect as from 1st of November 2015.

As noted, the text that has been agreed between the two negotiating teams of the Contracting States, will contribute to the further development of the trade and economic links between Cyprus and India, as well as with other countries.

Before the amendment of the Double Tax Treaty, the gains from the alienation of shares were taxable in the country where the alienator was resident.

However, the new agreement provides for the taxation of gains for the alienation of shares at source but allows a grandfathering period for investments undertaken or to be undertaken until 1st of April 2017, where the taxation of disposal of such shares at any future date remains with the contracting state of residence of the seller.

The announcement concludes by stating that, “Upgrading and expanding the network of Double Tax Conventions, is of high economic and political importance and aims to further strengthen and attract foreign investment in Cyprus”.

***A detailed analysis of the Amending Double tax Treaty will be released in a forthcoming newsletter.**