

**PROTOCOL
AMENDING THE AGREEMENT
BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION
AND THE GOVERNMENT OF THE REPUBLIC OF CYPRUS
FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT
TO TAXES ON INCOME AND ON CAPITAL OF 5TH DECEMBER, 1998**

The Government of the Russian Federation and the Government of the Republic of Cyprus,

desiring to conclude a Protocol to amend the Agreement between the Government of the Russian Federation and the Government of the Republic of Cyprus, for the avoidance of double taxation with respect to taxes on income and on capital of 5th December, 1998 (hereinafter referred to as «the Agreement»),

have agreed as follows:

ARTICLE I

1. Paragraph 2 of Article 10 «Dividends» of the Agreement shall be modified as follows:

«2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.».

2. A new paragraph 3 shall be added to Article 10 «Dividends» of the Agreement that shall read as follows:

«3. Notwithstanding the provisions of paragraphs 1 and 2, dividends paid by a company which is a resident of a Contracting State may also be taxed in that Contracting State according to the laws of that Contracting State, but -

- i. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is an insurance undertaking or a pension fund; or
- ii. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is a company whose shares are listed on a registered stock exchange provided that no less than 15 per cent of the voting shares of that company are in free float and which holds directly at least 15 per cent of the capital of the company paying the dividends throughout a 365 day period that includes the day of payment of the dividends; or
- iii. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is the Government of that Contracting State or a political subdivision or a local authority thereof; or
- iv. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is the Central Bank of that Contracting State,

the tax so charged shall not exceed 5 per cent.».

3. Existing paragraphs 3, 4 and 5 of Article 10 «Dividends» of the Agreement shall be renumbered as paragraphs 4, 5 and 6.

4. The reference in paragraph 5, as renumbered, of Article 10 «Dividends» of the Agreement to «paragraphs 1 and 2» shall be deleted and replaced by a reference to «paragraphs 1, 2 and 3».

ARTICLE II

1. Paragraph 1 of Article 11 «Interest» of the Agreement shall be deleted and replaced by the following paragraph that shall read as follows:

«1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.».

2. New paragraphs 2, 3 and 4 shall be added to Article 11 «Interest» of the Agreement which shall read as follows:

«2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 15 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraphs 1 and 2, interest arising in a Contracting State and paid to a resident of the other Contracting State, who is the beneficial owner of the interest, shall be taxable only in that other Contracting State if -

A) the beneficial owner is -

- i. an insurance undertaking or a pension fund; or
- ii. the Government of that Contracting State or a political subdivision or a local authority thereof; or
- iii. the Central Bank of that Contracting State; or
- iv. a bank;

or

B) the interest is paid in respect of the following securities listed on a registered stock exchange:

- i. government bonds;
- ii. corporate bonds;
- iii. Eurobonds.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3, interest arising in a Contracting State and paid to a resident of the other Contracting State, who is the beneficial owner of the interest, may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if the beneficial owner of the interest is a company whose shares are listed on a registered stock exchange provided that no less than 15 per cent of the voting shares of that company are in free float and which holds directly at least 15 per cent of the capital of the company paying the interest throughout a 365 day period that includes the day of payment of the interest, the tax so charged shall not exceed 5 per cent.».

3. The existing paragraphs 2, 3, 4 and 5 of Article 11 «Interest» of the Agreement shall be renumbered as paragraphs 5, 6, 7 and 8.

4. In paragraph 5, as renumbered, of Article 11 «Interest» of the Agreement the words «paragraph 3 of Article 10» shall be deleted and replaced by a reference to «paragraph 4 of Article 10».

5. The reference in paragraph 6, as renumbered, of Article 11 «Interest» of the Agreement to «paragraphs 1 and 2» shall be deleted and replaced by a reference to «paragraphs 1, 2, 3 and 4».

ARTICLE III

In paragraph 3 of Article 24 «Non-discrimination» of the Agreement the words «paragraph 5 of Article 11» shall be deleted and replaced by the words «paragraph 8 of Article 11».

ARTICLE IV

Amendments to the Agreement provided for in this Protocol shall form an integral part of the Agreement. This Protocol shall apply provisionally from 1st of January 2021 and shall enter into force on the date of the latter of the notifications of the Contracting States in writing, through diplomatic channels, of the completion of the procedures required by the domestic law for the entry into force of this Protocol.

Done at Nicosia on 8th of September, 2020 in duplicate, in the Russian, Greek and English languages, each of the three texts being equally authentic. In the case there is any divergence of interpretation between the Russian and the Greek texts, the English text shall be the operative one.

**For the Government
of the Russian Federation**



**For the Government
of the Republic of Cyprus**

