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The End: Cyprus – Russia Double Tax Treaty



Tax Update

Despite negotiations between the two historical, friendly states and the proposals made from the Cyprus' side, the Russian side declined to accept these.

Following this, the Russian Finance Ministry described that the amendments to tax laws are unfeasible in respect of increasing the withholding tax to 15% for dividends and interest payments.

Thus, Russia will initiate denunciation of the double tax treaty ('DTT') with Cyprus as from the 3 August 2020.

Russia's Deputy Finance Minister Alexei Sazanov, commented that:

"Restructuring one's holding structures through Cyprus will of course become disadvantageous. It will be more advantageous to transfer everything back to Russia."

Sazanov added the ministry was working on improving the Russian legislative framework to facilitate the transfer of holdings to Russia.

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