



RUSSIAN STATE DUMA RATIFIES PROTOCOL TO CYPRUS-RUSSIA DOUBLE TAX TREATY

On 15 February 2012 the Russian State Duma has ratified the Protocol to the Double Tax Treaty of 1998 between Cyprus and Russia that was signed by both countries on 7 October 2010 during Russian President Dmitry Medvedev's official visit to Cyprus.

The Protocol will enter into force upon signing of the ratifying law by President Dmitry Medvedev and after due procedural publication and notification to the Government of Cyprus which already ratified the Protocol in September 2011. The signature of Russian President before the end of 2012 will allow for the protocol to take effect on 1st January 2013 while certain provisions will take effect on 1st January 2017.

Ratification of the Protocol should result in the removal of Cyprus from the Russian “blacklist” of offshore jurisdictions. The removal of Cyprus from the Russian “blacklist” will allow for dividends paid from Cyprus tax resident companies and received by the Russian corporate shareholders to qualify for the Russian participation exemption and thus be exempt from Russian tax. This is expected to create new opportunities for Russian investors for the use of Cyprus companies and funds as a gateway to Europe.