

Negotiations to amend Cyprus-India double tax agreement concluded



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Corporate Tax, Cyprus

The Ministry of Finance has formally announced that the negotiations on the double tax agreement between Cyprus and India were successfully concluded on June 29 2016, confirming earlier reports in the Indian press.⁽¹⁾

As was widely expected following similar changes to India's double tax agreements with Mauritius and Singapore, the agreement provides for source-based taxation of gains from the alienation of shares. However, investments undertaken before April 1 2017 are grandfathered, with taxation rights over gains on the disposal of such shares at any future date remaining solely with the state of residence of the seller.

When the amended agreement enters into force, the Indian authorities will rescind the classification of Cyprus as a notified jurisdictional area under Section 94A of the Indian Income Tax Act 1961, with retrospective effect from November 1 2013.

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Endnotes

(1) For further information please see 'Cyprus-India double tax agreement concluded in principle'.

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