

Ukraine - Changes to Two Double Taxation Treaties

21st November 2019

On 30 October 2019, the Ukraine ratified changes to two Double Tax Treaties (DTAs), the treaty with Cyprus and the treaty with the UK, respectively.

Once the appropriate formalities have taken place in the reciprocal countries, these treaties are expected to come into force at the start of January 2020.

Ukraine: Cyprus Treaty

The key changes are:

- A reduction in the withholding tax for dividends from 15% to 10% (if the paying company does not qualify for a lower rate).
- To enjoy a reduced withholding tax rate of 5% on dividends the following two conditions must now be met (previously it was only one of the two conditions):
- The company paying withholding tax holds a minimum 20% of the capital in the company distributing the dividends; AND
- The value of the investment held (directly or indirectly) is a minimum €100,000.

Ukraine: UK Treaty

The key changes are:

- An increase from 10% to 15% on the withholding tax rate payable for dividends;
- A reduced withholding tax rate of 5% on dividends, where the company paying withholding tax holds a minimum 20% of the capital in the company distributing the dividends;
- An increase from 0% to 5% on the withholding tax rate payable for royalty payments;
- Measures to increase the exchange of tax information between the two countries.

Additional Information

If you would like additional information regarding Ukraine's Double Tax Treaties and the opportunities that they might provide, please speak to the Dixcart office in Cyprus, the UK office or the Malta office on advice.malta@dixcart.com.