

Updates to the Cyprus - Netherlands Double Tax Treaty

The first-time Double Tax Treaty (DTT) between the Republic of Cyprus and The Kingdom of The Netherlands, signed on 1 June 2021, came into force on 30 June 2023 and its provisions are applicable as from 1 January 2024 onwards.

By **Katrien de Poorter**, 10th April 2026

Introduction

This article updates [our note issued in December 2023](#).

The first-time Double Tax Treaty (DTT) between the Republic of Cyprus and The Kingdom of The Netherlands, signed on 1 June 2021, came into force on 30 June 2023 and its provisions are applicable as from 1 January 2024 onwards.

Based on the OECD Model Convention, the treaty aims to eliminate double taxation on income and capital gains, while preventing tax evasion.

Main Provisions of the Double Tax Treaty

The Treaty follows the OECD Model Convention for the Elimination of Double Taxation on Income and on Capital and includes the minimum standards of the Actions against Base Erosion and Profit Shifting (BEPS) concerning bilateral agreements.

Withholding Tax Rates (WHT)

Dividends – 0%

There is no withholding tax (WHT) on dividends if the recipient/beneficial owner is:

- a company that holds at least 5% of the capital of the company paying the dividends throughout a 365-day period or
- a recognised pension fund which is generally exempt under the corporate income tax law of Cyprus

The WHT in all other cases shall not exceed 15% of the gross amount of dividends.

Interest – 0%

There is no withholding tax on payments of interest provided that the recipient is the beneficial owner of the income.

Royalties – 0%

There is no withholding tax on payments of royalties provided that the recipient is the beneficial owner of the income.

Capital Gains

Capital gains arising from the disposal of shares are taxed exclusively in the country of residence of the alienator.

The below exemptions apply:

1. Capital gains arising from the disposal of shares or comparable interests deriving more than 50% of their value directly or indirectly from immovable property situated in the other Contracting State, may be taxed in that other State.
2. Capital gains arising from the disposal of shares or comparable interests deriving more than 50% of their value, directly or indirectly, from offshore rights or property connected with the exploration of the seabed or subsoil, or their natural resources located in the other Contracting State, may be taxed in that other State.

Principal Purpose Test (PPT)

The DTT incorporates the OECD/G20 Base Erosion and Profit Shifting (BEPS) project Action 6 PPT, which is a minimum standard under the BEPS project. The PPT provides that a DTT benefit shall not be granted, under conditions, if obtaining that benefit was one of the principal purposes of an arrangement or transaction.

Additional Information

If you require further information as to how the DTT between Cyprus and the Netherlands could be of benefit, please contact the [Dixcart office in Cyprus: advice.cyprus@dixcart.com](#) or your usual Dixcart contact.