

## ***Ukraine- Luxembourg Tax Treaty was ratified***

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## ***Parliament adopts Law ratifying Ukraine- Luxembourg Double Tax Treaty***

On 14 March 2017 the Ukrainian Parliament passed a law ratifying the Double Tax Treaty between the Government of Ukraine and the Government of the Grand Duchy of Luxembourg (further – “**DTT**”).

For the DTT to enter into force the President of Ukraine has to sign it and Ukraine and Luxembourg exchange the ratification letters. Luxembourg has already ratified the DTT. If the DTT enters into force before 31 December 2017, taxpayers engaged in transactions with residents of Luxembourg will be able to apply reduced withholding tax (further – “**WHT**”) rates and enjoy other benefits of the DTT starting from 1 January 2018.

Specifically, the DTT introduces the following reduced WHT rates:

Type of income	Tax rate
Dividends	<ul style="list-style-type: none"><li>• 5%, if the 20% ownership threshold is met;</li><li>• 15% in all other cases.</li></ul>
Interest	<ul style="list-style-type: none"><li>• 5%, if interest is paid on loans granted by a bank or any other financial institution;</li><li>• 10% in all other cases.</li></ul>
Royalties	<ul style="list-style-type: none"><li>• 5%, if royalties are paid for the use of, or the right to use any patent, trade mark, design or model, plan, secret, formula or process, or for information (know-how) concerning industrial, commercial or scientific experience;</li><li>• 10%, if royalties are paid for for the use of, or the right to use any copyright of literary, artistic or scientific work.</li></ul>

We will continue monitoring the status of the DTT and provide further updates.