

Flash Report

Ukraine-Malta Tax Treaty was ratified by Ukraine



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Parliament ratifies Ukraine-Malta Double Tax Treaty

On 13 April 2017 the Ukrainian Parliament passed a law* ratifying the Double Tax Treaty between the Government of Ukraine and the Government of the Republic of Malta (further – “**DTT**”).

For the Treaty to enter into force it must be also ratified by Malta. Based on available information, Malta has yet to do it. After that Ukraine and Malta must exchange ratification letters. If the DTT enters into force before 31 December 2017, taxpayers engaged in transactions with residents of Malta 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"> • 5% if 20% ownership threshold is met; • 15% in all other cases.
Interest	<ul style="list-style-type: none"> • 10% of gross amount of the interest.
Royalties	<ul style="list-style-type: none"> • 10% of gross amount of all payments.

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

* Law of Ukraine «On ratification of the Convention between the Government of Ukraine and the Government of the Republic of Malta for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on Income and of the Protocol to the Convention» No. 0141 dated 13 April 2017.