

# Flash Report

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## ***New Ukraine-Cyprus Tax Treaty***

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### ***The President of Ukraine signed the Law ratifying the new tax treaty with Cyprus***

On 23 July 2013, the President of Ukraine signed the Law “On Ratification of the Double Tax Treaty between Ukraine and Cyprus”.

Given that Cypriot government has already completed the ratification procedures, it is most likely that the exchange of the ratification notices will happen in the near future (i.e. before the end of 2013) and thus, the provisions of the new treaty will become applicable from 1 January 2014.

According to the prevailing English text of the new treaty, the old treaty should remain effective till the end of the year.

However, we cannot exclude the risk that the Ukrainian tax authorities may interpret the provisions of the new treaty so that the old treaty should terminate from the date when the exchange of ratification notices takes place. Therefore, we recommend considering restructuring options and/or making payments of income from Ukraine to Cyprus without delay in order to secure application of the beneficial withholding tax rates under the old treaty.

The main provisions of new treaty are described in the attached tax newsletter from 10 July 2013.

In the near future PwC Ukraine will be organising a seminar to discuss restructuring options.