

## ***Ukraine- Netherlands Tax Treaty amended***



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## ***Protocol amending Ukraine-Netherlands Tax Treaty signed***

On 12 March 2018 the Ukrainian and Dutch Ministries of Finance signed a Protocol amending the Double Tax Treaty between Ukraine and the Netherlands (further – “**Protocol**”).

The Ukrainian and Dutch Parliaments should ratify the Protocol and then exchange the ratification letters in order for it to enter into force. If it happens before 31 December 2018, taxpayers will be able to apply new withholding tax (further – “**WHT**”) rates starting from 1 January 2019.

Specifically, the Protocol introduces the following changes to the WHT rates:

Type of income	Old tax rates	New tax rates
Dividends	<ul style="list-style-type: none"><li>• <b>0%</b>, if the 50% ownership threshold is met and USD 300,000 investment is made;</li><li>• <b>5%</b>, if the 20% ownership threshold is met;</li><li>• <b>15%</b> in all other cases.</li></ul>	<ul style="list-style-type: none"><li>• <b>5%</b>, if the 20% ownership threshold is met;</li><li>• <b>15%</b> in all other cases.</li></ul>
Interest	<ul style="list-style-type: none"><li>• <b>2%</b>, if the loan is granted by a bank or any other financial institution or if interest is related to sale of equipment on credit;</li><li>• <b>10%</b> in all other cases.</li></ul>	<ul style="list-style-type: none"><li>• <b>5%</b></li></ul>
Royalties	<ul style="list-style-type: none"><li>• <b>0%</b>, if royalties are paid for the use of patents, trade marks, know-how, etc.</li><li>• <b>10%</b>, if royalties are paid for the use of copyright of literary or scientific work, cinematograph films or tapes, etc.</li></ul>	<ul style="list-style-type: none"><li>• <b>5%</b>, if royalties are paid for the use of patents, trade marks, know-how, etc.;</li><li>• <b>10%</b>, if royalties are paid for the use of copyright of literary or scientific work, cinematograph films or tapes, etc.</li></ul>

We will continue to monitor the status of the Protocol in order to provide you with further updates.