

Ukraine and Qatar signed Double Tax Treaty



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On 20 March 2018 Ukraine and Qatar signed Double Tax Treaty for the avoidance of double taxation and prevention of fiscal evasion (further – “DTT”) between two countries.

In order for the DTT to enter into force the Ukrainian and Qatari Parliaments should ratify it and then exchange the ratification letters. The reduced withholding tax rates envisaged in the DTT become effective on 1 January of the year following the completion of the notifications procedure. Thus, if the DTT enters into force before 31 December 2018, the taxpayers engaged in transactions with residents of Qatar will be able to apply reduced withholding tax rates and enjoy other benefits of the DTT starting from 1 January 2019.

Specifically, the DTT introduces the following reduced WHT rates:

Type of income	Tax rate
Dividends	<ul style="list-style-type: none">5%, if the 10% ownership threshold is met;10% in other cases.
Interest	<ul style="list-style-type: none">5%, if the loan is granted by a bank or any other financial institution or if interest is related to the sale of equipment on credit;10% in other cases.
Royalties	<ul style="list-style-type: none">5%, if royalties are paid for the use of copyright of scientific work, patent, trade mark, secret formula, process or information concerning industrial, commercial or scientific experience;10% in other cases.

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