

CYPRUS-RUSSIA PROTOCOL RATIFIED BY RUSSIAN DUMA

On Feb 15th, 2012, the Russian Duma finally ratified the amending Protocol to the Cyprus-Russia Double Tax Treaty of 1998, signed on Oct 7th, 2010. Cyprus had ratified this Protocol earlier in August 2011. According to experts, Russia was waiting to ratify in order to make sure they were prepared for the procedures for information exchange between the two countries that this Protocol would permit. By ratifying this Protocol Cyprus has been removed from the Russian "black" list.

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The reduction of 1998 didn't allow the Russian tax authorities to obtain the information from the Cyprus colleagues. Now the rules with respect to the information exchange have tightened and the Double Tax Treaty allows the possibility to demand tax payment from the assets situated in the foreign state.

Russian investors should understand that the disclosure of the information would only follow after an official enquiry from the Russian Tax Authorities and also that the procedure is not straight forward.

The Protocol will come into force from 1st January 2013 after the law is signed and ratified by the president.