Draft Order in Council laid before the House of Commons under section 5(2) of the Taxation (International and Other Provisions) Act 2010, for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2019 No. 0000

INCOME TAX

The Double Taxation Relief (Cyprus) Order 2019

Made - - - - ***

At the Court at Buckingham Palace, the *** day of 2019

Present,

The Queen's Most Excellent Majesty in Council

A draft of this Order was laid before the House of Commons in accordance with section 5(2) of the Taxation (International and Other Provisions) Act 2010(**a**) and approved by resolution of that House.

Accordingly, Her Majesty, in exercising the powers conferred upon Her by section 2 of the Taxation (International and Other Provisions) Act 2010, by and with the advice of Her Privy Council, orders as follows—

Citation

1. This Order may be cited as the Double Taxation Relief (Cyprus) Order 2019.

Double taxation arrangements to have effect

2. It is declared that—

(a) the arrangements specified in the Protocol set out in the Schedule to this Order, which vary the arrangements set out in the Schedule to the Double Taxation Relief and International Tax Enforcement (Cyprus) Order 2018(**b**), have been made with the Government of the Republic of Cyprus;

(**a**) 2018 c.8.
(**b**) S.I. 2018/839.

(b) the arrangements have been made with a view to affording relief from double taxation in relation to income tax and taxes of a similar character imposed by the laws of the Republic of Cyprus; and

(c) it is expedient that the arrangements should have effect.

Name
Clerk of the Privy Council

SCHEDULE

Article 2

PROTOCOL BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF CYPRUS TO AMEND THE CONVENTION FOR THE ELIMINATION OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS AND THE PREVENTION OF TAX EVASION AND AVOIDANCE, SIGNED AT NICOSIA ON 22 MARCH 2018

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Cyprus;

Desiring to conclude a Protocol to amend the Convention between the Government of the Republic of Cyprus and the Government of the United Kingdom of Great Britain and Northern Ireland for the elimination of double taxation with respect to taxes on income and on capital gains and the prevention of tax evasion and avoidance signed at Nicosia on 22 March 2018 (hereinafter referred to as "the Convention");

Have agreed as follows:

ARTICLE 1

The following new paragraph shall be inserted immediately following paragraph 4 of Article 29 (Entry into force) of the Convention:

"**5.** Notwithstanding the entry into force of the Convention signed 22 March 2018, where an individual was entitled to the benefits of paragraph 1 of Article 19 (Pensions) of the prior Convention signed 20 June 1974, as amended on 2 April 1980, at the time of entry into force of this Convention, that individual may make an election that the provisions of that Article, and not the provisions of paragraph 2 of Article 18 of this Convention, shall continue to apply for calendar years ending on or before 31 December 2024. Unless revoked by the individual, that election shall have effect for the calendar year in which it is made and for subsequent years ending on or before 31 December 2024. Elections and revocations under this Article should be made in writing to the Competent Authority of the Contracting State from which the pension or similar remuneration is paid. The Contracting State that receives the election shall notify the other State. Where an election has been revoked, no further election under this paragraph may be made."

ARTICLE 11

Each of the Contracting States shall notify the other, in writing, through diplomatic channels, of the completion of the procedures required by its laws for the bringing into force of this Protocol. This Protocol shall enter into force on the date of the later of these notifications and shall thereupon have effect:

(a) in Cyprus:

(i) in respect of taxes withheld at source, for amounts paid or credited on or after 1 January 2019; and

(ii) in respect of other taxes, for taxable years beginning on or after 1 January 2019.

(b) in the United Kingdom:

(i) in respect of taxes withheld at source, for amounts paid or credited on or after 1 January 2019;

(ii) in respect of income tax, for any year of assessment beginning on or after 6 April 2019.

DONE in duplicate at Nicosia on the 19th day of December 2018, in duplicate, in the English and Greek languages, both texts being equally authoritative. In case of any divergence of interpretation the English text shall prevail.

For the Government of the United Kingdom of Great Britain and Northern Ireland: Stephen Lillie	For the Government of the Republic of Cyprus: Harris Georgiades

EXPLANATORY NOTE

(This note is not part of the Order)

The Schedule to this Order contains a Protocol ("the Protocol") which amends a Convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Cyprus dealing with the elimination of double taxation with respect to taxes on income and on capital gains and the prevention of tax avoidance and evasion ("the Convention"). This Order brings the Protocol into effect.

The Convention was scheduled to the Double Taxation Relief and International Tax Enforcement (Cyprus) Order 2018 (S.I. 2018/839).

The Convention aims to eliminate the double taxation of income and gains arising in one country and paid to residents of the other country. This is done by allocating the taxing rights that each country has under its domestic law over the same income and gains, and/or by providing relief from double taxation. There are also specific measures which combat discriminatory tax treatment and provide for assistance in international tax enforcement. The Protocol continues this approach.

Article 1 provides for citation.

Article 2 makes a declaration as to the effect and content of the Protocol.

The Protocol will enter into force on the date of the later of the notifications by each country of the completion of its legislative procedures. It will take effect as follows:

(a) in respect of taxes withheld at source, for amounts paid or credited on or after 1st January 2019;

(b) in Cyprus, in respect of other taxes, for taxable years beginning on or after 1st January 2019; and

(c) in the United Kingdom in respect of income tax, for any year of assessment beginning on or after 6th April 2019.

The date of entry into force will, in due course, be published in the *London, Edinburgh* and *Belfast Gazettes*.

A Tax Information and Impact Note has not been produced for the Order as it gives effect to a double taxation agreement. Double taxation agreements impose no obligations on taxpayers, rather they seek to eliminate double taxation and fiscal evasion.

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