

No. 52822. Cyprus and Italy

CONVENTION BETWEEN CYPRUS AND ITALY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. NICOSIA, 24 APRIL 1974

ADDITIONAL PROTOCOL TO THE CONVENTION BETWEEN CYPRUS AND ITALY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. NICOSIA, 4 JUNE 2009*

Entry into force: 23 November 2010 by notification, in accordance with article V

Authentic texts: English, Greek and Italian

Registration with the Secretariat of the United Nations: Cyprus, 1 August 2015

**No UNTS volume number has yet been determined for this record. The Text(s) reproduced below, if attached, are the authentic texts of the agreement /action attachment as submitted for registration and publication to the Secretariat. For ease of reference they were sequentially paginated. Translations, if attached, are not final and are provided for information only.*

N° 52822. Chypre et Italie

CONVENTION ENTRE LA CHYPRE ET L'ITALIE TENDANT À ÉVITER LA DOUBLE IMPOSITION ET À PRÉVENIR L'ÉVASION FISCALE EN MATIÈRE D'IMPÔTS SUR LE REVENU. NICOSIE, 24 AVRIL 1974

PROTOCOLE ADDITIONNEL À LA CONVENTION ENTRE CHYPRE ET L'ITALIE TENDANT À ÉVITER LA DOUBLE IMPOSITION ET À PRÉVENIR L'ÉVASION FISCALE EN MATIÈRE D'IMPÔTS SUR LE REVENU. NICOSIE, 4 JUIN 2009*

Entrée en vigueur : 23 novembre 2010 par notification, conformément à l'article V

Textes authentiques : anglais, grec et italien

Enregistrement auprès du Secrétariat des Nations Unies : Chypre, 1^{er} août 2015

**Le numéro de volume RTNU n'a pas encore été établi pour ce dossier. Les textes reproduits ci-dessous, s'ils sont disponibles, sont les textes authentiques de l'accord/pièce jointe d'action tel que soumises pour l'enregistrement et publication au Secrétariat. Pour référence, ils ont été présentés sous forme de la pagination consécutive. Les traductions, s'ils sont inclus, ne sont pas en form finale et sont fournies uniquement à titre d'information.*

**ADDITIONAL
PROTOCOL**

**TO THE CONVENTION BETWEEN CYPRUS AND ITALY FOR THE AVOIDANCE OF
DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO
TAXES ON INCOME**

The Government of the Republic of Cyprus and the Government of the Italian Republic, desiring to conclude a Protocol to amend the Convention between Cyprus and Italy for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with Protocol, signed at Nicosia on 24th April, 1974, and Protocol signed at Nicosia on 7th October, 1980 (hereinafter referred to as "the Convention"),

have agreed as follows:

ARTICLE I

Paragraph (3) of Article 2 "Taxes Covered", shall be deleted and replaced by the following:

"(3) The existing taxes to which this Convention shall apply are:

- (a) in the case of Italy:
 - (i) the personal income tax;
 - (ii) the corporate income tax;
 - (iii) the regional tax on productive activities;
whether or not they are collected by withholding at source
(hereinafter referred to as "Italian tax");
- (b) in the case of Cyprus:
 - (i) the income tax;
 - (ii) the corporate income tax;
 - (iii) the special contribution for the defence of the Republic; and
 - (iv) the capital gains tax;
whether or not they are collected by withholding at source
(hereinafter referred to as "Cyprus tax")

ARTICLE II

Paragraph 1 of Article 3 "General Definitions", shall be amended:

1. With the addition of the following new subparagraphs (a) and (b) and the re-lettering of existing subparagraphs (a) to (f) as (c) to (h):

- "(a) the term "Italy" means the Italian Republic and includes any area beyond the territorial waters which is designated as an area within which Italy, in compliance with its legislation and in conformity with the International Law, may exercise sovereign rights in respect of the exploration and exploitation of the natural resources of the seabed, the subsoil and the superjacent waters;

- (b) the term "Cyprus" means the Republic of Cyprus and, when used in a geographical sense, includes the national territory, the territorial sea thereof as well as any area outside the territorial sea, including the contiguous zone, the exclusive economic zone and the continental shelf, which has been or may hereafter be designated, under the laws of Cyprus and in accordance with international law, as an area within which Cyprus may exercise sovereign rights or jurisdiction;"
- 2. With the deletion and replacement of part (2) of subparagraph (f), re-lettered as (h) with the following:
 - "2. in the case of Italy, the Ministry of Economy and Finance;"

ARTICLE III

Article 23 "Allowance of deduction or credit" shall be deleted and replaced by the following:

"Article 23 Elimination of Double Taxation

- 1. It is agreed that double taxation shall be avoided in accordance with the following paragraphs of this Article.
- 2. In the case of Italy:

If a resident of Italy owns items of income which are taxable in Cyprus, Italy, in determining its income taxes specified in Article 2 of this Convention, may include in the basis upon which such taxes are imposed the said items of income, unless specific provisions of this Convention otherwise provide.

In such case, Italy shall deduct from the taxes so calculated the income tax paid in Cyprus but in an amount not exceeding that proportion of the aforesaid Italian tax which such items of income bear to the entire income.

The tax paid in Cyprus for which deduction is granted is only the pro rata amount corresponding to the foreign income which is included in the aggregate income.

However, no deduction shall be granted if the item of income is subjected in Italy to a substitute tax or to a final withholding tax, or to substitute taxation at the same rate as the final withholding tax, also by request of the recipient, in accordance with Italian law.

- 3. In the case of Cyprus:

Subject to the provisions of Cyprus Tax Law regarding credit for foreign tax, there shall be allowed as a credit against Cyprus tax payable in respect of any item of income derived from Italy the Italian tax paid under the laws of Italy and in accordance with this Convention. The credit shall not, however, exceed that part of the Cyprus tax, as computed before the credit is given, which is appropriate to such items of income or capital."

ARTICLE IV

Article 26 "Exchange of information" shall be deleted and replaced by the following:

- "(1) The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political or administrative subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Convention as well as to prevent fiscal evasion and tax avoidance. The exchange of information is not restricted by Articles 1 and 2.
- (2) Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.
- (3) In no case shall the provisions of paragraph 1 and 2 be construed so as to impose on a Contracting State the obligation:
 - (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
 - (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
 - (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (ordre public).
- (4) If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.
- (5) In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person."

ARTICLE V

Each Contracting State shall notify to the other the completion of the procedures required by its domestic law for the entry into force of this Protocol. This Protocol shall enter into force on the date of the receipt of the later of these notifications and its provisions shall be implemented upon mutual agreement of the competent authorities of the Contracting States.

This Protocol shall remain in force as long as the Convention remains in force.

In Witness thereof the undersigned, being duly authorized thereto by their respective Governments, have signed this Protocol.

Done in duplicate at Nicosia this 4th day of June 2009. in the Greek, Italian and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For the Government
of the Republic of Cyprus



Charilaos STAVRAKIS
Minister of Finance

For the Government
of the Italian Republic



Luigi NAPOLITANO
Ambassador of the Italian Republic
to the Republic of Cyprus