

1980 No. 1529

## INCOME TAX

**The Double Taxation Relief (Taxes on Income)  
(Cyprus) Order 1980***Laid before the House of Commons in draft**Made - - - - 13th October 1980*

At the Court at Buckingham Palace, the 13th day of October 1980

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order was laid before the House of Commons in accordance with the provisions of section 497(8) of the Income and Corporation Taxes Act 1970(a), and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of that draft:

Now, therefore, Her Majesty, in exercise of the powers conferred upon Her by section 497 of the Income and Corporation Taxes Act 1970, and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (Cyprus) Order 1980.

2. It is hereby declared—

- (a) that the arrangements specified in the Protocol set out in the Schedule to this Order have been made with the Government of the Republic of Cyprus with a view to affording relief from double taxation in relation to income tax or corporation tax and taxes of a similar character imposed by the laws of Cyprus varying the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Cyprus) Order 1975(b); and
- (b) that it is expedient that those arrangements should have effect.

*N. E. Leigh,*  
Clerk of the Privy Council.

(a) 1970 c. 10; section 497 was amended and extended by sections 98(2) and 100(1) of the Finance Act 1972 (c. 41).

(b) S.I. 1975/425.

## SCHEDULE

PROTOCOL BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF CYPRUS, AMENDING THE CONVENTION FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, SIGNED IN NICOSIA ON 20 JUNE 1974.

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 Contracting States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed in Nicosia on 20 June 1974 (hereinafter referred to as "the Convention");

have agreed as follows:

## ARTICLE I

Article 23 of the Convention shall be deleted and replaced by the following:

## "ARTICLE 23

**Income not expressly mentioned**

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in that State. This provision shall not apply to income paid out of trusts."

## ARTICLE II

The following new Article shall be inserted immediately after Article 24 of the Convention:

## "ARTICLE 24A

**Excluded persons**

(1) The provisions of paragraphs (1)(b) and (c) and (2) of Article 11, paragraph (1) of Article 12 and paragraphs (1) and (2) of Article 13 shall not apply to persons entitled to any special tax benefit under any of the Sections listed below of the Cyprus Income Tax Laws 1961 to 1977:

- (a) Section 5(2)(c)(i) in so far as the tax charged is at a rate less than the rate prescribed for individuals in paragraph 1 of the Second Schedule to the Cyprus Income Tax Laws 1961 to 1977 or which may hereafter otherwise be prescribed for individuals generally;
- (b) Section 8(w);
- (c) Section 28A:

Provided that where an individual is entitled to a special tax benefit under Section 5(2)(c)(i) of the Cyprus Income Tax Laws 1961 to 1977 this Article shall not apply in relation to the first £1,500 sterling of the income arising in the United Kingdom in a year of assessment, and otherwise subject to tax in accordance with United Kingdom law, in respect of which that benefit is enjoyed.

(2) This Article shall apply also to any provision of Cyprus law enacted after 1 January 1978 which is of an identical or substantially similar character to the provisions mentioned in paragraph (1) of this Article."

## ARTICLE III

(1) Each of the Contracting States shall notify to the other the completion of the procedure required by its law 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 the United Kingdom:
  - (i) as respects income tax, for any year of assessment beginning on or after 6 April 1979; and
  - (ii) as respects corporation tax, for any financial year beginning on or after 1 April 1979;
- (b) in Cyprus:
  - as respects Cyprus tax, for any year of assessment beginning on or after 1 January 1979.

(2) Where any provision of the Convention before amendment by this Protocol would have afforded any greater relief from tax any such provision shall continue to have effect for any year of assessment or financial year beginning before the entry into force of this Protocol.

## ARTICLE IV

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

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Protocol.

Done in duplicate in Nicosia this Second day of April, 1980 in the English language.

For the Government of the United  
Kingdom of Great Britain and  
Northern Ireland:

P. A. RHODES.

For the Government of the  
Republic of Cyprus:

G. PELAGHIAS.

## EXPLANATORY NOTE

*(This Note is not part of the Order.)*

The Protocol scheduled to this Order makes certain alterations to the Convention signed at Nicosia on 20 June 1974 and set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Cyprus) Order 1975.

The Protocol excludes trust income from the scope of Article 23 of the Convention and withdraws the benefits of the Dividends, Interest and Royalties Articles from residents of Cyprus who enjoy special fiscal benefits under certain provisions of Cyprus legislation.

The Protocol is to take effect in the United Kingdom as respects income tax for the tax year 1979-80 and subsequent years and as respects corporation tax for the financial year commencing on 1 April 1979 and subsequent years but the withdrawal of any relief is not to be applied retrospectively to any year beginning before the entry into force of the Protocol.

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