

Cyprus to Share Bank Data for Tax Purposes

Cyprus has agreed to share banking related information with India for tax administration purposes.

This tax haven — which was recently blacklisted by India as a non-cooperative jurisdiction — has also promised to improve communication channels to facilitate Indian information requests.

Both these assurances are likely to be a source of comfort for Indian tax authorities and pave the way for withdrawal of the notification, sources said.

Officials from both countries held talks in New Delhi in November to finalise revisions to the existing DTAA.

India has agreed that once the new DTAA with Cyprus is in place, it will withdraw its order (notifying Cyprus as non-cooperative jurisdiction) on a retrospective basis with effect from November 1, 2013.

For effective exchange of information, Cyprus and India have agreed to adopt the OECD model, sources added. India has been insisting in all the revisions to the existing double tax avoidance agreements that a specific clause be inserted to ensure effective exchange of banking information.

(Business Line)