

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

PRESS RELEASE

New Delhi, 1st July, 2016.

Sub : Indo- Cyprus Double Taxation Avoidance Agreement

An official level meeting between India and Cyprus took place in New Delhi on 28 and 29 June, 2016, to finalize the new India Cyprus Double Taxation Avoidance Agreement, wherein all pending issues, including taxation of capital gains, were discussed, and in-principle agreement was reached on all pending issues. It was agreed to provide for source based taxation of capital gains on transfer of shares. However, a grandfathering clause would be provided for investments made prior to 1.4.2017, in respect of which capital gains would be taxed in the country of which taxpayer is a resident. These provisional agreements will now be placed before the Cabinet for its approval, subsequent to which the new tax treaty can be signed by the two countries.

Both sides also discussed the issue of notification of Cyprus under section 94A of Income-tax Act, 1961. It was agreed that India will consider rescinding the said notification with effect from 1st November, 2013, and will be initiating the process for the same. Both sides expressed satisfaction with the progress achieved in the meeting, and hoped that it would lead to resolution of all pending matters at the earliest.

**(Meenakshi J Goswami)
Commissioner of Income Tax
(Media and Technical Policy)
Official Spokesperson, CBDT.**