

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

General disclaimer on synthesised text

This document presents the synthesised text for the application of the Convention between Ireland and Cyprus for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed on 24 September 1968 (the “Convention”) as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by Ireland and by Cyprus on 7 June 2017 (the “MLI”).

This document was prepared in consultation with the competent authority of Cyprus and represents our shared understanding of the modifications made to the Convention by the MLI.

This document was prepared on the basis of the MLI position of Ireland submitted to the Depository upon ratification on 29 January 2019 and of the MLI position of Cyprus submitted to the Depository upon ratification on 23 January 2020. These MLI positions are subject to modifications as provided in the MLI. Modifications made to MLI positions could modify the effects of the MLI on the Convention.

The authentic legal texts of the Convention and the MLI take precedence and remain the legal texts applicable.

The provisions of the MLI that are applicable with respect to the provisions of the Convention are included in boxes throughout the text of this document in the context of the relevant provisions of the Convention. The boxes containing the provisions of the MLI have generally been inserted in accordance with the ordering of the provisions of the 2017 OECD Model Tax Convention.

Changes to the text of the provisions of the MLI have been made to conform the terminology used in the MLI to the terminology used in the Convention (such as “Covered Tax Agreement” and “Convention”, “Contracting Jurisdictions” and “Contracting States”), to ease the comprehension of the provisions of the MLI. The changes in terminology are intended to increase the readability of the document and are not intended to change the substance of the provisions of the MLI. Similarly, changes have been made to parts of provisions of the MLI that describe existing provisions of the Convention: descriptive language has been replaced by legal references of the existing provisions to ease the readability.

In all cases, references made to the provisions of the/this Convention or to the/this Convention must be understood as referring to the Convention as modified by the provisions of the MLI, provided such provisions of the MLI have taken effect.

References:

The authentic legal texts of the MLI and the Convention can be found:

The MLI

<http://www.oecd.org/tax/treaties/multilateral-convention-to-implement-tax-treaty-related-measures-to-prevent-BEPS.pdf>

In Ireland at the following links:

<http://www.irishstatutebook.ie/eli/2018/si/440>

<http://www.irishstatutebook.ie/eli/1970/si/79>

The MLI position of Ireland submitted to the Depository upon ratification on 29 January 2019 and the MLI position of Cyprus submitted to the Depository upon ratification on 23 January 2020 can be found on the MLI Depository (OECD) webpage. (<http://www.oecd.org/tax/treaties/beps-ml-signatories-and-parties.pdf>)

Disclaimer on the entry into effect of the provisions of the MLI

The provisions of the MLI applicable to the Convention do not take effect on the same dates as the original provisions of the Convention. Each of the provisions of the MLI could take effect on different dates, depending on the types of taxes involved (taxes withheld at source or other taxes levied) and the choices made by Ireland and Cyprus in their MLI positions.

Dates of the deposit of instruments of ratification, acceptance or approval: 29 January 2019 for Ireland and 23 January 2020 for Cyprus.

Entry into force of the MLI: 01 May 2019 for Ireland and 01 May 2020 for Cyprus.

The provisions of the MLI (except for Article 16 (Mutual Agreement Procedure) have effect with respect to the Convention:

- In Ireland and Cyprus with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2021; and
- In Ireland and Cyprus with respect to all other taxes levied by each Contracting State, for taxes levied with respect to taxable periods beginning on or after 1 November 2020.

Article 16 (Mutual Agreement Procedure) of the MLI has effect with respect to the Convention for a case presented to the competent authority of a Contracting State on or after 1 May 2020, except for cases that were not eligible to be presented as of that date under the Convention prior to its modification by the MLI, without regard to the taxable period to which the case relates.

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

The Government of Ireland and the Government of Cyprus,

[REPLACED BY paragraph 1 and paragraph 3 of Article 6 of the MLI] ~~{desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,}~~

The following paragraph 1 and paragraph 3 of Article 6 of the MLI replace the text referring to an intent to eliminate double taxation in the preamble of this Convention:

ARTICLE 6 OF THE MLI - PURPOSE OF A COVERED TAX AGREEMENT

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by this Convention without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Convention for the indirect benefit of residents of third jurisdictions),

have agreed as follows:

**ARTICLE 1.
PERSONAL SCOPE.**

This Convention shall apply to persons who are resident in one or both of the Contracting States.

**ARTICLE 2.
TAXES COVERED.**

1. The taxes which are the subject of this Convention are:
 - (a) in Ireland:
the income tax (including sur-tax) and the corporation profits tax (hereinafter referred to as "Irish tax");
 - (b) in Cyprus:
the income tax (hereinafter referred to as "Cyprus tax").
2. The Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. At the end of each year, the competent authorities of the Contracting States shall notify to each other any important changes which have been made in their respective taxation laws.

ARTICLE 3.
GENERAL DEFINITIONS.

1. In this Convention, unless the context otherwise requires:
 - (a) the terms "a Contracting State" and "the other Contracting State" mean Ireland or Cyprus, as the context requires;
 - (b) the term "person" comprises an individual, a company and any other body of persons;
 - (c) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
 - (d) the term "tax" means Irish tax or Cyprus tax, as the context requires;
 - (e) the term "resident of Ireland" means:
 - (i) any company whose business is managed and controlled in Ireland. Provided that nothing in this paragraph shall affect any provisions of the law of Ireland regarding the imposition of corporation profits tax in the case of a company incorporated in Ireland;
 - (ii) any other person who is resident in Ireland for the purposes of Irish tax and not resident in Cyprus for the purposes of Cyprus tax.
 - (f) the term "resident of Cyprus" means:
 - (i) any company whose business is managed and controlled in Cyprus;
 - (ii) any other person who is resident in Cyprus for the purposes of Cyprus tax and not resident in Ireland for the purposes of Irish tax.
 - (g) the terms "resident of a Contracting State" and "resident of the other Contracting State" mean a person who is a resident of Ireland or a person who is a resident of Cyprus, as the context requires;
 - (h) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
 - (i) the term "competent authority" means:
 - (i) in the case of Ireland, the Revenue Commissioners or their authorised representative;
 - (ii) in the case of Cyprus, the Commissioner of Income Tax or his authorised representative.
2. Where any Article of this Convention provides (with or without conditions) that income derived by a resident of a Contracting State from sources within the other Contracting State shall be taxable only in the first-mentioned State or entitled to a reduced rate of tax in the other State and, under the law in force in that first-mentioned State, the said income is subject to tax by reference to the amount thereof which is remitted to or received in that State and not by reference to the full amount thereof, then the exemption or reduction in rate in the

other State resulting from such Article shall apply only to so much of the income as is remitted to or received in the first-mentioned State.

3. As regards the application of the Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of the Convention.

ARTICLE 4. PERMANENT ESTABLISHMENT.

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

2. The term "permanent establishment" shall include especially:

- a) a place of management;
- b) a branch;
- c) an office;
- d) a factory;
- e) a workshop;
- f) a mine, quarry or other place of extraction of natural resources;
- g) a building site or construction or assembly project.

3. The term "permanent establishment" shall not be deemed to include:

- (a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
- (e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State—other than an agent of an independent status to whom paragraph 5 applies—shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or any other agent of an independent status, where such person is acting in the ordinary course of his business.

6. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise) shall not of itself constitute either company a permanent establishment of the other.

7. Where an enterprise of one of the Contracting States sells in the other State goods manufactured, assembled, processed, packed or distributed in the other State by an enterprise for, or at, or to the order of, that first-mentioned enterprise and—

(a) either enterprise participates directly or indirectly in the management, control or capital of the other enterprise; or

(b) the same persons participate directly or indirectly in the management, control or capital of both enterprises,

then for the purposes of this Convention that first-mentioned enterprise shall be deemed to have a permanent establishment in the other State and to be engaged in trade or business in the other State through that permanent establishment.

ARTICLE 5. INCOME FROM IMMOVABLE PROPERTY.

1. Income from immovable property may be taxed in the Contracting State in which such property is situated.

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

ARTICLE 6. BUSINESS PROFITS.

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent

establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment. If the information available to the taxation authorities concerned is inadequate to determine the profits to be attributed to the permanent establishment, nothing in this paragraph shall affect the application of the law of either State in relation to the liability of the permanent establishment to pay tax on an amount determined by the making of an estimate by the taxation authorities of that State; provided that such estimate shall be made, so far as the information available to the taxation authorities permits, in accordance with the principle stated in this paragraph.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles laid down in this Article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 7. SHIPPING AND AIR TRANSPORT.

Profits of an enterprise from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

ARTICLE 8.
ASSOCIATED ENTERPRISES.

1. Where
 - (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
 - (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. If the information available to the taxation authorities concerned is inadequate to determine, for the purpose of paragraph 1 of this Article, the profits which might be expected to accrue to an enterprise, nothing in that paragraph shall affect the application of the law of either State in relation to the liability of that enterprise to pay tax on an amount determined by the making of an estimate by the taxation authorities of that State, provided that such estimate shall be made, so far as the information available to the taxation authorities permits, in accordance with the principle stated in that paragraph.

The following paragraph 1 of Article 17 of the MLI applies and supersedes the provisions of this Convention:

ARTICLE 17 OF THE MLI – CORRESPONDING ADJUSTMENTS

Where a Contracting State includes in the profits of an enterprise of that Contracting State — and taxes accordingly — profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other.

ARTICLE 9.
DIVIDENDS.

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be exempt from any tax in that first-mentioned State which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

2. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.

3. The provisions of paragraph 1 shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the dividends shall remain taxable in that other Contracting State according to its own law.

4. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State shall not impose any tax on the dividends paid by the company to persons who are not residents of that other State, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

ARTICLE 10. INTEREST.

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

2. The term "interest" as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind as well as all other income assimilated, by the taxation law of the State in which the income arises, to income from money lent.

3. The provision of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the interest shall remain taxable in that other Contracting State according to its own law.

4. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payment shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 11. ROYALTIES.

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

2. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including films for use in connection with television or video tapes for use in connection therewith, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.

3. The provisions of paragraph 1 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the royalties shall remain taxable in that other Contracting State according to its own law.

4. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payment shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

5. Nothing in this Article shall prohibit a Contracting State from imposing tax computed at a rate not exceeding 5 per cent. on the gross amount of any payment of any kind received by a resident of the other Contracting State as a consideration for the use of, or the right to use, motion picture films (other than films for exhibition on television).

ARTICLE 12. CAPITAL GAINS.

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article 5, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State. However, gains from the alienation of ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

3. Gains from the alienation of any property, other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

ARTICLE 13.
INDEPENDENT PERSONAL SERVICES.

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.
2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

ARTICLE 14.
DEPENDENT PERSONAL SERVICES.

1. Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration in respect of an employment exercised in one or other of the Contracting States derived by a resident of a Contracting State shall be taxable only in the latter State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:
 - (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and
 - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
 - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.
3. Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

ARTICLE 15.
DIRECTORS' FEES.

Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

ARTICLE 16.
ARTISTES AND ATHLETES.

Notwithstanding the provisions of Articles 13 and 14, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

ARTICLE 17.
PENSIONS.

Subject to the provisions of paragraph 1 of Article 18, pensions and other similar remuneration derived from sources within one or other of the Contracting States by a resident of a Contracting State in consideration of past employment shall be taxable only in the latter State.

ARTICLE 18.
GOVERNMENTAL FUNCTIONS.

1. Remuneration, including pensions, paid by a Contracting State to any individual in respect of services rendered to that State in the discharge of functions of a governmental nature shall be taxable only in that State, unless the individual is a national of the other Contracting State without being also a national of the first-mentioned State.
2. The provisions of Articles 14, 15 and 17 shall apply to remuneration or pensions in respect of services rendered in connection with any trade or business carried on by a Contracting State.

ARTICLE 19.
RESEARCHERS, TEACHERS, STUDENTS AND APPRENTICES.

1. The remuneration which an individual of a Contracting State receives for undertaking study or research at a high level or for teaching, during a period of temporary residence not exceeding two years at a university, research institute, school, college or other similar establishment in the other Contracting State shall not be taxable in the latter State.
2. Payments which a student or business apprentice who is or was formerly a resident of a Contracting State and who is present in the other Contracting State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that other Contracting State, provided that such payments are made to him from sources outside that other Contracting State.
3. Remuneration which a student or business apprentice who is or was formerly a resident of a Contracting State derives from an employment which he exercises in the other Contracting State for the purposes of practical training for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned shall not be taxed in that other State.

ARTICLE 20.
INCOME NOT EXPRESSLY MENTIONED.

Items of income arising in a Contracting State to a resident of the other Contracting State which are not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in the latter State.

ARTICLE 21.
ALLOWANCE OF CREDIT.

1. The laws of the Contracting States shall continue to govern the taxation of income arising in either of the Contracting States except where express provision to the contrary is made in this Convention. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

2. Subject to the provisions of the law of Ireland regarding the allowance as a credit against Irish tax of tax payable in a territory outside Ireland, Cyprus tax payable under the laws of Cyprus, whether directly or by deduction, in respect of income from sources within Cyprus shall be allowed as a credit against any Irish tax payable in respect of that income. Where such income is an ordinary dividend paid by a company resident in Cyprus the credit shall take into account (in addition to any Cyprus tax payable in respect of the dividend) the Cyprus tax payable by the company in respect of its profits, and, where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Cyprus tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

3. (1) For the purposes of paragraph 2 "Cyprus tax payable" shall be deemed to include—

- (a) the Cyprus tax which would have been payable on any profits or interest granted tax incentive exemption or relief in in Cyprus but for such tax incentive exemption or relief;
- (b) the Cyprus tax which would have been deductible from any dividend paid out of profits granted tax incentive exemption or relief in Cyprus but for such tax incentive exemption or relief.

(2) For the purposes of the foregoing provisions of this paragraph—

- (a) "profits or interest granted tax incentive exemption or relief in Cyprus" means profits or interest which were not taken into account for the purposes of Cyprus tax or which were exempted or relieved from Cyprus tax by reason of the provisions of one or more of the enactments set out in (c) below;
- (b) "dividend paid out of profits granted tax incentive exemption or relief in Cyprus" means a dividend received from a company resident in Cyprus and paid out of profits granted tax incentive exemption or relief in Cyprus by reason of the provisions of one or more of the enactments set out in (c) below;

- (c) (i) The Merchant Shipping (Taxing Provisions) Law, No. 47 of 1963, section 3, as amended by Law No. 34 of 1965, section 3.
- (ii) The Income Tax (Foreign Persons) Law, No. 58 of 1961, section 8 (i), 9 and 10 and the First Schedule to the Law as amended.

4. Subject to the provisions of the law of Cyprus regarding the allowance as a credit against Cyprus tax of tax payable in a territory outside Cyprus, Irish tax payable under the laws of Ireland, whether directly or by deduction, in respect of income from sources within Ireland shall be allowed as a credit against any Cyprus tax payable in respect of that income. Where such income is an ordinary dividend paid by a company resident in Ireland the credit shall take into account (in addition to any Irish tax payable in respect of the dividend) the Irish tax payable by the company in respect of its profits, and, where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Irish tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

5. (1) For the purposes of paragraph 4, "Irish tax payable" shall be deemed to include—
- (a) the Irish tax which would have been payable on any profits granted tax incentive exemption or relief in Ireland but for such tax incentive exemption or relief;
 - (b) the Irish income tax which would have been deductible from any dividend paid out of profits granted tax incentive exemption or relief in Ireland but for such tax incentive exemption or relief.

(2) For the purposes of the foregoing provisions of this paragraph—

- (a) "profits granted tax incentive exemption or relief in Ireland" means profits which were not taken into account for the purposes of Irish tax or which were exempted or relieved from Irish tax by reason of the provisions of one or more of the enactments set out in (c) below;
- (b) "dividend paid out of profits granted tax incentive exemption or relief in Ireland" means a dividend received from a company resident in Ireland and paid out of profits granted tax incentive exemption or relief in Ireland by reason of the provisions of one or more of the enactments set out in (c) below;
- (c) (i) The Finance (Profits of Certain Mines) (Temporary Relief from Taxation) Act, 1956 (No. 8 of 1956), as amended;
- (ii) Parts II and III of the Finance (Miscellaneous Provisions) Act, 1956 (No. 47 of 1956), as amended;
- (iii) Part II of the Finance (Miscellaneous Provisions) Act, 1958 (No. 28 of 1958); and
- (iv) Part XXV of the Income Tax Act, 1967 (No. 6 of 1967), as amended.

6. Where an individual who is resident in Ireland for the purposes of Irish tax and is also resident in Cyprus for the purposes of Cyprus tax derives income from sources outside both Ireland and Cyprus, tax may be imposed on that income in each of the Contracting States (subject to the law in force in that Contracting State and to any Convention for the avoidance of double taxation of income which may exist between that Contracting State and the territory from which the income is derived) but there shall be allowed against the tax imposed by each Contracting State—on so much of that income as is subjected to tax in both Contracting States—a credit which bears the same proportion to the amount of that tax (as reduced by any credit allowed in respect of tax payable in the country from which the income is derived) or to the amount of the tax imposed by the other Contracting State (reduced as aforesaid), whichever is the less, as the former amount (before any such reduction) bears to the sum of both amounts (before any such reduction).

7. For the purposes of paragraph 4 notwithstanding the provisions of paragraph 6, income derived from sources in the United Kingdom by an individual who is resident in Ireland shall be deemed to be income from sources in Ireland if such income is not subject to United Kingdom income tax.

8. For the purposes of this Article, profits or remuneration arising from the exercise of a profession or employment in one of the Contracting States shall be deemed to be income from sources within that Contracting State, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of a Contracting State shall be deemed to be performed in that Contracting State.

ARTICLE 22. PERSONAL ALLOWANCES FOR NON-RESIDENTS.

1. Individuals who are residents of Cyprus shall be entitled to the same personal allowances, reliefs and reductions for the purposes of Irish tax as Irish citizens who are not resident in Ireland.

2. Individuals who are residents of Ireland shall be entitled to the following reliefs and reductions for the purposes of Cyprus tax:

- (a) the Earned Income Relief provided under Section 19 of the Income Tax (Foreign Persons) Law, No. 58 of 1961,
- (b) the exemption provided under the Second Schedule to the Income Tax (Foreign Persons) Law, No. 58 of 1961, paragraphs 1 and 2.

ARTICLE 23. NON-DISCRIMINATION.

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

2. The term "nationals" means:
 - (a) in relation to Ireland, all citizens of Ireland and all legal persons, partnerships and associations deriving their status as such from the law in force in Ireland;
 - (b) in relation to Cyprus, all nationals of Cyprus and all legal persons, partnerships and associations deriving their status as such from the law in force in Cyprus.
3. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.
4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.
5. The provisions of this Article shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents, nor as obliging Ireland to grant to any company other than a company incorporated in Ireland and resident therein for the purposes of income tax, any relief or exemption allowed in accordance with the provisions of:
 - (a) the Finance (Profits of Certain Mines) (Temporary Relief from Taxation) Act, 1956 (No. 8 of 1956), as subsequently amended, or
 - (b) Part II of the Finance (Miscellaneous Provisions) Act, 1956 (No. 47 of 1956), as subsequently amended, or
 - (c) Chapter II or Chapter III of Part XXV of the Income Tax Act, 1967 (No. 6 of 1967), as subsequently amended.
6. In this Article the term "taxation" means the taxes which are the subject of this Convention.

ARTICLE 24.
MUTUAL AGREEMENT PROCEDURE.

1. ~~[REPLACED by paragraph 1 of Article 16 of the MLI] [Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.]~~

The following first sentence of paragraph 1 of Article 16 of the MLI replaces paragraph 1 of Article 24 of this Convention:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

Where a person considers that the actions of one or both of the Contracting States result or will result for that person in taxation not in accordance with the provisions of this Convention, that person may, irrespective of the remedies provided by the domestic law of those Contracting States, present the case to the competent authority of either Contracting State.

The following second sentence of paragraph 1 of Article 16 of the MLI applies and supersedes the provisions of this Convention:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with the Convention.

The following second sentence of paragraph 2 of Article 16 of the MLI applies to this Convention:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.

**ARTICLE 25.
EXCHANGE OF INFORMATION.**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention and of the domestic laws of the Contracting States concerning taxes covered by this Convention in so far as the taxation thereunder is in accordance with this Convention. Any information so exchanged shall not be

disclosed to any persons or authorities except for the purpose of the assessment or collection of the taxes which are the subject of the Convention.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

- (a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- (b) to supply particulars which are 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.

**ARTICLE 26.
DIPLOMATIC AND CONSULAR OFFICIALS.**

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under provisions of special agreements.

The following paragraph 1 of Article 7 of the MLI applies and supersedes the provisions of this Convention:

ARTICLE 7 OF THE MLI – PREVENTION OF TREATY ABUSE
(Principal purposes test provision)

Notwithstanding any provisions of this Convention, a benefit under this Convention shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Convention.

The following paragraph 4 of Article 7 of the MLI applies to paragraph 1 of Article 7 of the MLI:

Where a benefit under this Convention is denied to a person under paragraph 1 of Article 7 of the MLI, the competent authority of the Contracting State that would otherwise have granted this benefit shall nevertheless treat that person as being entitled to this benefit, or to different benefits with respect to a specific item of income, if such competent authority, upon request from that person and after consideration of the relevant facts and circumstances, determines that such benefits would have been granted to that person in the absence of the transaction or arrangement referred to in paragraph 1 of Article 7 of the MLI. The competent authority of the Contracting State to which a request has been made under this paragraph by a resident of the other Contracting State shall consult with the competent authority of that other Contracting State before rejecting the request.

ARTICLE 27.
ENTRY INTO FORCE.

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Dublin as soon as possible.
2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect—
 - (a) in Ireland:
 - (i) as respects income tax (including sur-tax), for any year of assessment beginning on or after the 6th April, 1962;
 - (ii) as respects corporation profits tax, for any accounting period beginning on or after the 1st April, 1962, and for the unexpired portion of any accounting period current at that date;
 - (c) In Cyprus:

as respects income tax, for the year of assessment beginning on the 1st January, 1962, and subsequent years.

ARTICLE 28.
TERMINATION.

This Convention shall remain in force indefinitely, but either of the Contracting States may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after this year 1972. In such event the Convention shall cease to have effect:—

- (a) in Ireland:
 - (i) as respects income tax (including sur-tax), for any year of assessment beginning on or after the 6th April in the calendar year next following that in which such notice is given;
 - (ii) as respects corporation profits tax, for any accounting period beginning on or after the 1st April in the calendar year next following that in which such notice is given and for the unexpired portion of any accounting period current at that date;
- (b) in Cyprus:

as respects income tax, for any year of assessment beginning on or after the 1st January in the calendar year next following that in which such notice is given.

In WITNESS whereof the undersigned being duly authorised thereto have signed this Convention and have affixed thereto their seals.

DONE AT London this 24th day of September, 1968 in duplicate in the English language.

For Ireland
J. G.. Molloy

For Cyprus
C. A. Ashiotis