

TREATY USA - CYPRUS

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF CYPRUS FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, TOGETHER WITH A RELATED EXCHANGE OF NOTES, SIGNED AT NICOSIA ON MARCH 19, 1984

GENERAL EFFECTIVE DATE UNDER ARTICLE 30: 1 JANUARY 1986

ARTICLE 26 Limitation on Benefits

(1) A person (other than an individual) which is a resident of a Contracting State shall not be entitled under this Convention to relief from taxation in the other Contracting State unless

(a) more than 75 percent of the beneficial interest in such person (or in the case of a corporation, more than 75 percent of the number of shares of each class of the corporation's shares) is owned, directly or indirectly, by one or more individual residents of the first-mentioned Contracting State; and

(b) the gross income of such person is not used in substantial part, directly or indirectly, to meet liabilities (including liabilities for interest or royalties) to persons who are residents of a State other than a Contracting State and who are not citizens of the United States.

For the purposes of subparagraph a), a corporation that has substantial trading in its stock on a recognized exchange in a Contracting State is presumed to be owned by individual residents of that Contracting State. A stock exchange shall be treated as a "recognized exchange" by agreement of the competent authorities of the Contracting States.

(2) Paragraph 1 shall not apply if it is determined that the establishment, acquisition and maintenance of such person and the conduct of its operations did not have as a principal purpose obtaining benefits under the Convention.

(3) Where:

(a) income derived by a trustee is to be treated for the purposes of this Convention as income of a resident of one of the Contracting States; and

(b) the trustee derived the income in connection with a scheme a principal purpose of which was to obtain a benefit under this Convention, then,

notwithstanding any other provision of this Convention, the Convention does not apply in relation to that income.