

RUSSIA CHANGES DOUBLE TAXATION AVOIDANCE AGREEMENTS TERMS WITH COUNTRIES

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Dear clients and business partners!

We would like to bring to your attention the latest news regarding the revision of double taxation avoidance agreements (DTAAs).

The **DTAA protocol with Luxembourg** was [ratified](#) in February, thus the protocol entered into force on 5 March 2021 and **its provisions will apply from 1 January 2022** (the changes were previously expected to be adopted from 1 January 2021).

The protocol increases the withholding tax rate on dividend and interest income to 15%, with some exceptions for institutional investments.

In 2020, protocols to make similar **changes to the DTAA were also signed with Cyprus and Malta, with effect from 1 January 2021.**

On 26 May 2021, the [law](#) No. 1147902-7 on the denunciation of the **double taxation avoidance agreement with the Netherlands** was approved and published. The adoption of the law leads to the fact that parent companies registered in the Netherlands will **pay tax on dividends at a rate of 15% instead of 3-5%, and the rate for interest and royalties will be 20%.**

On June 7, 2021 Russia [notified](#) the Netherlands about denunciation of the agreement, the changes will come into force on January 1, 2022.

Switzerland is the next major jurisdiction [in the negotiation process](#) initiated by Russian Ministry of Finance.

There are 2 more key jurisdictions remaining for revising the DTAAs, said Deputy Finance Minister Alexei Sazanov, namely, **Hong Kong and Singapore.**

There have been no official announcements of changes to other DTAAs yet.

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