

## Ukrainian Parliament ratifies Double Taxation Convention with Malta

On 13 April 2017, the Ukrainian parliament adopted the Law of Ukraine "On the Ratification of the Convention between the Government of Ukraine and the Government of the Republic of Malta for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Protocol thereto", which was signed by the President of Ukraine and came into force on 15 May 2017.

Now businesses of both countries have received assurances that the income derived from business in the other country as well as from other sources in that country in the form of dividends, interest and royalties is not subject to double taxation.

The Convention provides for the following tax rates on dividends, interest and royalties:

- dividends - standard rate of 15%;
- dividends received by a company which directly owns an interest of at least 20% in the company paying the dividends – 5%;
- interest and royalties – 10%.

Moreover, the Convention and Protocol are aimed at preventing possible tax evasion and will ensure that entrepreneurs are taxed in the one of the two countries under the same conditions as in the other country.