Tax Guide
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Cyprus

The Cyprus tax system after the 2026 tax reform

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CONTENTS

FOREWORD

This guide explains the Cyprus tax system as it applies in 2026 — the first year of the most far-reaching tax reform Cyprus has seen in over twenty years.

On 22 December 2025 the House of Representatives voted a package of six amending laws, published in the Official Gazette on 31 December 2025 and effective, in the main, from 1 January 2026. The corporate tax rate moved to 15%, the tax-free personal allowance rose to €22.000, the defence contribution on dividends fell from 17% to 5%, deemed dividend distributions and stamp duty were abolished, and the tax authorities were given considerably stronger collection and enforcement powers. Several of the old rules continue to apply to profits and income of earlier years, so 2026 is a year in which two sets of rules run side by side. The six laws amended are the Income Tax Law (118(I)/2002), the Special Contribution for the Defence Law (117(I)/2002), the Capital Gains Tax Law (52/1980), the Assessment and Collection of Taxes Law (4/1978), the Collection of Taxes Law of 1962 and the Stamp Duty Law of 1963.

We have written this edition for everyone who has to deal with Cyprus tax — business owners, finance staff, employees, property owners and newcomers to Cyprus — not only for tax specialists. Each chapter gives the practical answer in plain language and points to an appendix where the full rates, tables and deadlines are set out.

This publication is general guidance only. It is not a substitute for professional advice on your own circumstances, and the law and its interpretation continue to develop. Please speak to us before acting on anything set out here. Contact details are at the end of this booklet.

We wish you all the best!

PHILIPPOU AUDITORS LTD

Nicosia, 16 September 2026

WHY CYPRUS

Cyprus combines one of the lowest corporate rates in the European Union with a set of exemptions that few member states match. The advantages below are the ones clients ask about most; each is explained in full later in the guide.

For individuals who move to Cyprus

Advantage	What it means
No defence contribution for non-domiciled residents	A Cyprus tax resident whose domicile of origin lies outside Cyprus pays nothing on dividends, interest or rent — no 5%, no 17%. The exemption runs for 17 years and can now be extended twice by five years (see 1.7)
Residence in 60 days	A person spending 60 days here, not resident elsewhere for more than 183 days, with a home and a business, employment or directorship in Cyprus, is Cyprus tax resident (1.1)
50% exemption for incoming employees	On remuneration above €55.000, for 17 years — with 25% and 20% alternatives for shorter absences from Cyprus (1.4)
Foreign pensions at 5%	On the excess over €5.000, or the normal bands if that is better (1.5)
No inheritance, estate, wealth or gift tax	Abolished in 2000 and not reintroduced by the reform (1.10)
Capital gains tax only on Cyprus property	Foreign property and portfolios are outside the charge altogether (1.9)
€22.000 tax free	With wider bands throughout and new deductions for children, housing and energy (1.3, 1.6)

For companies

Advantage	What it means
15% corporation tax	Among the lowest headline rates in the EU, and set at the Pillar Two minimum (2.2)
Profits on the sale of securities are exempt	Shares, bonds, options and units in collective schemes — the whole gain, with no holding period or participation test (2.2)
Dividends received are exempt	Both Cyprus and foreign dividends, subject to the participation conditions (2.2, 2.9)
No withholding tax on outbound payments	Dividends and interest to non-residents bear nothing, and royalties nothing where the rights are used outside Cyprus (2.10)
IP box — an effective rate of about 3%	80% of qualifying profits deducted, on the OECD nexus basis (2.8)
120% deduction for research and development	For expenditure in 2025 to 2030 (2.8)
Notional interest deduction on new equity	Up to 80% of the profit generated by the equity financed (2.7)
Foreign permanent establishment profits exempt	Subject to conditions, with losses still available against Cyprus profits (2.2, 2.5)
Group relief and seven-year losses	Losses surrendered within a 75% group, and carried forward seven years (2.5)
Tax-neutral reorganisations	Mergers, demergers and transfers of assets without corporation tax, capital gains tax or transfer fees (2.6)

For investors, funds and shipping

Advantage	What it means
8% on crypto-asset gains	A flat rate on defined disposals (1.5)
8% on approved share schemes	On a benefit capped at twice annual pay (1.5)
8% on carried interest	For qualifying fund executives, for ten years (2.15)
Funds largely outside the tax net	Gains on units exempt, no withholding to non-resident investors, no permanent establishment for foreign investors (2.15)
Tonnage tax for shipping	Full exemption from profit taxes for qualifying owners, charterers and managers, approved to 2029 (2.14)
More than 65 double tax treaties	Plus the EU directives on parent-subsidiary, interest and royalties (Appendix G)
No stamp duty	Abolished for documents executed from 1 January 2026 (3.6)

For groups headquartering in Cyprus

Cyprus has become a place where groups put their people rather than only their holding company. The combination that makes it work is regulatory rather than purely fiscal.

	What it means
A licence that travels across the European Union	A firm authorised here is authorised for the whole single market. Investment firms licensed by CySEC passport under MiFID II, fund managers under the AIFM and UCITS directives, electronic money and payment institutions licensed by the Central Bank of Cyprus under the second Payment Services Directive, and insurers under Solvency II — each by branch or by cross-border services, without a second authorisation in each member state
A regulator that works in English	Applications, correspondence and supervision in English, and one of the larger populations of licensed investment firms and fund managers in the Union
Fast-track set-up for foreign-interest companies	The Business Facilitation Unit registers qualifying companies, and lets them employ third-country nationals in skilled roles subject to salary and qualification conditions, with family reunification and a digital nomad route alongside
Relocating staff are taxed lightly	The 50% exemption on remuneration above €55.000 runs for 17 years, with 25% and 20% alternatives for shorter absences from Cyprus (1.4)
A company can move its seat here	Redomiciliation lets a foreign company transfer to Cyprus keeping its legal personality, contracts and history intact — and move out again if it ever needs to
Substance is affordable to build	Office space, English-speaking staff, directors and professional support at a cost well below the western European capitals, which matters when substance is what the rules now test
Holding, financing and IP under one roof	Exempt dividends and securities gains, no outbound withholding, the notional interest deduction, the IP box and transfer pricing safe harbours can all sit in the same company (2.2, 2.7, 2.8, 2.11)

And the reasons that have nothing to do with tax

Tax is rarely the reason a family or a business stays. It is usually the reason they look, and everything below is why they remain. In our experience these count for as much as the rates in this guide, and often for more.

	What it means
A European Union member state	In the EU since 2004 and the euro since 2008. EU law, the single market, the four freedoms, and the protection and predictability that come with them
Sunshine	More than 300 days of it a year, mild winters, and a coastline and mountains within an hour of each other
An international society	Around one resident in five was born abroad. Long-established communities from Europe, the Middle East and beyond, and newcomers who find it easy to belong
English everywhere	Business, banking and professional life are conducted in English, and the legal system is built on English common law, so contracts and court practice are familiar to anyone from that tradition
Food and drink	A Mediterranean table — meze, halloumi, village bread, fish by the water — and a wine industry with a history longer than almost any in Europe
Safety	Consistently among the safest countries in the European Union, which is the reason many families give first
Schools and universities	A wide choice of English-language and international schools, and universities teaching in English with degrees recognised across Europe
Healthcare	The General Healthcare System alongside a strong private sector, with English-speaking doctors and short waiting times
Location and connections	At the meeting point of Europe, the Middle East and Africa; two international airports, three hours to most European capitals, and a time zone that lets you work with Asia in the morning and London in the afternoon
A professional infrastructure	Auditors, lawyers, banks, fund administrators and corporate service providers built up over four decades of international business, and the largest ship management centre in the European Union
The cost of living	Noticeably below western European capitals, whether measured in housing, schooling, staff or a dinner out
Residence and settlement	Straightforward routes to residence for EU citizens, and permanent residence schemes for others, with family members included

CYPRUS TAX 2026 — KEY FIGURES

One page to keep. Everything below is explained in full later in the guide.

Individuals

Item	2026
Tax-free income	€22.000
Bands: 20% / 25% / 30% / 35%	to €32.000 / €42.000 / €72.000 / above
Defence contribution on dividends	5%
— on dividends out of pre-2026 Cyprus profits, to 31.12.2031	17%
Defence contribution on interest / on rent	17% / nil
Disguised dividends	10%
Capital gains tax; exemption on a principal residence	20%; €150.000
Social insurance employee / employer (ceiling €68.904)	8,8% / 8,8%
GHS employee / employer / other income (cap €180.000)	2,65% / 2,90% / 2,65%

Companies

Item	2026
Corporation tax	15%
Effective rate on qualifying IP profits	about 3%
R&D deduction	120%
Notional interest deduction, capped at	80% of profit
Carry-forward of tax losses	7 years
Entertainment, lower of 1% of gross income and	€30.000
Withholding on royalties used in Cyprus	10%
Dividends / interest / royalties to blacklisted jurisdictions	17% / 17% / 10%
Dividends to low-tax jurisdictions	5%
Transfer pricing local file: financing / goods / other	€10m / €5m / €2,5m

Dates to diarise

Date	What falls due
31 July and 31 December	Provisional tax instalments for the current year
31 December 2026	Deemed distribution on 2024 profits — 17%
31 March 2027	Employer’s return for 2026
31 December 2027	Deemed distribution on 2025 profits — the last one
31 January 2028	First return and final payment for 2026 under the new deadline
31 December 2031	End of the 17% rate on dividends out of pre-2026 profits

HOW TO USE THIS GUIDE

The guide is arranged so that you can read only the part that concerns you.

If you are...	Start at
An individual — employed, self-employed, retired, or new to Cyprus	Part 1 — Taxes on individuals
A company, or the owner of one	Part 2 — Taxes on companies
Buying, selling or letting property, or selling goods and services	Part 3 — VAT, property and transaction taxes
Responsible for filings, payments and deadlines	Part 4 — Compliance and administration
Looking for a rate, a table or a date	The appendices at the back

Conventions used

- Main chapters give the rule and what it means in practice, with figures rounded and simplified.
- Appendices hold the detail: full rate tables, the complete capital allowance schedule, the treaty withholding table, the tax calendar and the penalty tables.
- Boxes headed "What changed in 2026" flag the reform measures, so that readers who know the old system can find the differences quickly.
- Amounts are in euro (€). A full stop is used as the thousands separator, in line with local practice (€22.000 means twenty-two thousand euro).
- References to "the Tax Department" mean the Cyprus Tax Department; "the Commissioner" means the Commissioner of Taxation.

Two sets of rules in one year

Many 2026 changes apply only to income or profits earned from 1 January 2026 onwards. Income and profits of 2025 and earlier years often remain under the old rules — sometimes for several years to come (for example, dividends paid out of pre-2026 profits, and the winding-down of deemed dividend distributions in 2026 and 2027).

Where this matters we say so explicitly and give the relevant dates.

THE 2026 REFORM AT A GLANCE

The table below summarises the main changes. Each is explained in the chapter shown.

Measure	Until 2025	From 2026	See
Corporate income tax rate	12,5%	15%	2.2
Personal tax-free band	€19.500	€22.000 (bands widened throughout)	1.3
Defence contribution (SDC) on dividends to individuals	17%	5% (17% still applies to dividends out of pre-2026 Cyprus profits received up to 31.12.2031)	1.7
Deemed dividend distribution	70% of profits deemed distributed	Abolished for 2026 profits onwards; transitional charge on 2024 and 2025 profits	2.9
SDC on rental income	3% on 75% of gross rent	Abolished — rent is taxed under income tax only	1.7
SDC on interest	17% (companies and individuals)	Individuals 17% (3% on qualifying bonds); companies pay corporation tax instead	1.7 / 2.9
Disguised (concealed) dividends	No specific regime	10% SDC where company assets are used by, or transferred cheaply to, individual shareholders	1.7
Carry-forward of tax losses	5 years	7 years	2.5
Stamp duty	Up to €20.000 per document	Abolished for documents from 1 January 2026	3.6
Capital gains tax lifetime exemptions	€17.086 / €25.629 / €85.430	€30.000 / €50.000 / €150.000	1.9
Property-rich company test for CGT	50% of share value	20% of share value	1.9
Entertainment expenses ceiling	€17.086	€30.000 (still capped at 1% of gross income)	2.3
Crypto-asset gains	Case-by-case (capital or trading)	8% flat on defined disposals	1.5
Approved share option / share award schemes	Taxed as employment income	8% flat on a capped benefit	1.5
Transfer pricing local file thresholds	€5m financing / €1m other	€10m financing, €5m goods, €2,5m other	2.11
Audited accounts threshold for individuals	Income over €70.000	Income over €120.000	4.1
Company return and final tax payment	31 March / 1 August of the following year	31 January of the second following year	4.2
Insurance premium tax on life business	1,5% minimum tax on gross premiums	Abolished	2.16
Enforcement	Assessments, interest and penalties	Also suspension of business, sealing of premises, memo over shares	4.6

PART 1 — TAXES ON INDIVIDUALS

Who Cyprus taxes, on what, at what rates — and what the 2026 reform changed for households.

An individual who is tax resident in Cyprus is taxed on income from all sources, in Cyprus and abroad. An individual who is not tax resident is taxed only on Cyprus-source income. Residence is therefore the first question in every case.

1.1 ARE YOU TAX RESIDENT IN CYPRUS?

Two tests apply. Meeting either one makes you tax resident for the whole calendar year.

The 183-day rule

You are Cyprus tax resident if you spend more than 183 days in Cyprus in the calendar year.

The 60-day rule

You may also be Cyprus tax resident if, in the same tax year, you:

1. do not stay in any other single country for more than 183 days in total; and
2. spend at least 60 days in Cyprus; and
3. carry on a business in Cyprus, or are employed in Cyprus, or hold an office in a Cyprus tax resident company, which is not terminated during the year; and
4. maintain a permanent home in Cyprus, owned or rented.

> **What changed in 2026**
> The old fourth condition — that you must not be treated as tax resident by any other state — has been removed from the 60-day rule. It is now possible to meet the Cyprus test even if another country also considers you resident; in that case any applicable double tax treaty decides which country has primary taxing rights.

Counting days

- The day you arrive in Cyprus counts as a day in Cyprus.
- The day you leave counts as a day outside Cyprus.
- Arrival and departure on the same day counts as one day in Cyprus.
- Departure and return on the same day counts as one day outside Cyprus.

Tax residence and domicile are different things. Domicile matters only for the Special Contribution for Defence — see 1.7.

1.2 WHAT INCOME IS TAXED

Cyprus tax residents are taxed on	Non-residents are taxed on
Worldwide income, including: profits from any business; employment income and benefits (including allowances, sign-on incentives, gratuities and termination payments); pensions; rents, royalties and other income from property; trade goodwill; a deemed benefit of 9% per annum on the monthly balance of loans and other financial facilities granted to directors and to individual shareholders (direct or indirect) and their close relatives; and gains from crypto-asset transactions.	Cyprus-source income only, including: profits of a Cyprus permanent establishment; employment or office exercised in Cyprus; pensions from past Cyprus employment; rent from Cyprus property; the gross income of non-resident professionals, entertainers and sports teams performing in Cyprus; trade goodwill; and the same 9% deemed benefit on loans from Cyprus companies.

Dividends and interest received by individuals are exempt from income tax, but may be subject to the Special Contribution for Defence — see 1.7.

What changed in 2026

The 9% deemed benefit on company financing now also catches indirect individual shareholders, not only direct shareholders and directors. Owner-managed groups should review intra-group and shareholder balances.

Newly taxable as employment income: incentives paid before employment begins, ex-gratia retirement and termination payments, early-retirement scheme benefits and compensation not provided for in the employment terms — with a flat 20% rate on the part exceeding €200.000 (see 1.5). These amounts are not deductible for the employer.

1.3 INCOME TAX RATES FOR INDIVIDUALS

The following bands apply from 1 January 2026. The full table, including the 2025 comparison and a worked example, is in Appendix A.

Chargeable income (€)	Rate	Tax on band (€)	Cumulative tax (€)
0 – 22.000	Nil	0	0
22.001 – 32.000	20%	2.000	2.000
32.001 – 42.000	25%	2.500	4.500
42.001 – 72.000	30%	9.000	13.500
Over 72.000	35%	—	—

1.4 COMING TO WORK IN CYPRUS: THE EMPLOYMENT EXEMPTIONS

Cyprus offers generous exemptions to people who move here to work. Only one exemption can be used at a time. Appendix B sets out the conditions in full.

Exemption	Who it is for	For how long
50% of remuneration	First employment in Cyprus starting from 1 January 2022 with pay over €55.000, by a person not resident in Cyprus for the 15 previous years	17 years
25% of remuneration or business profits (max €25.000 a year)	Employment or business started in Cyprus between 2025 and 2030 with income over €30.000 a year, by a person not Cyprus resident in the previous 7 years (but resident at some earlier point) who worked abroad full-time for 36 or 84 months	7 years
20% of remuneration (max €8.550 a year)	First employment in Cyprus starting after 26 July 2022, by a person not resident for the previous 3 years and employed abroad by a non-resident employer	7 years
100% of remuneration	Salaried services performed outside Cyprus for more than 90 days in the year for a non-resident employer or a foreign permanent establishment	No limit

Older 20% and 50% exemptions granted before 26 July 2022 continue to run for their remaining period under their original conditions.

1.5 INCOME TAXED AT SPECIAL FLAT RATES

Certain income is taken out of the normal bands and taxed at its own rate. Where the rate is favourable an annual election is usually available to be taxed under the normal bands instead.

Type of income	Rate	Notes
Foreign pensions	5% on the amount over €5.000	Or elect the normal bands. Threshold was €3.420 to 2025
Cyprus widow(er)s pensions	20% on the amount over €22.000	Or elect the normal bands
Gains on crypto-assets	8%	On sale, gift, exchange for another crypto-asset, or use as payment. Does not apply to mined assets. Losses offset only against crypto gains of the same year Crypto-assets take their meaning from EU Regulation 2023/1114 (MiCA).
Benefit from approved share option / share award schemes	8%	Scheme must be approved by the Commissioner; minimum three-year vesting; benefit capped at twice annual remuneration and at €1m over ten years. Excess taxed normally
Ex-gratia and termination payments	20% on the amount over €200.000	Not deductible for the employer
Lottery and OPAP winnings	20% on the amount over €5.000	
Carried interest / performance fees of fund executives	8%	Minimum tax €10.000 a year; available for 10 years; conditions apply (see 2.15)
Ship management services rendered by individuals	12,5%	No personal allowances or credits available

1.6 DEDUCTIONS AND ALLOWANCES

The following are deducted in arriving at taxable income. The 2026 reform added a set of household deductions linked to family income; these are set out in full in Appendix C.

Long-standing deductions

Deduction	Limit
Social insurance, GHS, approved provident and pension fund contributions, life insurance premiums, medical fund contributions and permanent-incapacity premiums	Together up to 1/5 of chargeable income (provident/pension contributions capped at 10% of remuneration, medical funds at 2% of taxable income, life premiums at 7% of the sum insured)
Subscriptions to trade unions and professional bodies	100%
Donations to approved charities, supported by receipts	100%
Gifts or contributions to approved cultural institutions	100%, up to €50.000
Expenses on rented property	20% of gross rent
Interest on a loan for a rented property	100%
Maintenance of a building under a Preservation Order	€700 – €1.200 per m², by size
Investment in an approved innovative SME (to 31 December 2026)	20%, 35% or 50% of the amount invested, capped at 50% of taxable income and €150.000 a year; unused amounts carry forward 5 years
Losses of the current and previous years	Carried forward 7 years (5 years for losses up to 2025)

Household deductions introduced in 2026

These depend on family income thresholds (€100.000 with up to two children, €150.000 with three or four, €200.000 with five or more, €40.000 for single persons). They are granted only where the tax return for the year is submitted on time.

Deduction	Amount
Per child, for each parent (doubled for single parents and where one parent has full custody)	€1.000 first child, €1.250 second, €1.500 third and each further child
Interest on a loan for, or rent of, a main residence in Cyprus	Up to €2.000 each per spouse, common-law partner or single person
Capital spending improving the energy efficiency of a main residence	Up to €1.000 each
Energy systems, renewables and electricity storage batteries for a main residence	Up to €1.000 each
Electric vehicles registered with the Department of Road Transport	Up to €1.000 each
Insurance of a residence against natural disasters	Up to €500

1.7 SPECIAL CONTRIBUTION FOR DEFENCE (SDC) — INDIVIDUALS

SDC is a separate tax on dividends and interest. It applies only to individuals who are both tax resident and domiciled in Cyprus. Non-domiciled residents pay no SDC at all, which is why the non-domicile regime matters so much in practice.

Income	Rate in 2026	Rate in 2025
Dividends — general rule	5%	17%
Dividends from Cyprus companies paid out of profits earned up to 31 December 2025, if received by 31 December 2031	17%	17%
Disguised (concealed) dividends	10%	n/a
Interest — general rule	17% on the gross amount	17%
Interest on Cyprus and EU government bonds, and on listed corporate, state-organisation or local-authority bonds	3%	3%
Interest where the individual's total annual income does not exceed €12.000	3%	3%
Rental income	Nil — abolished	3% on 75% of gross rent

What changed in 2026

Dividends at 5% instead of 17%. The headline change for Cypriot business owners. Combined with corporation tax at 15%, the total tax on profits distributed out of 2026 earnings to a Cyprus resident and domiciled individual is about 19,25%, against 27,4% under the old system.

Interest is no longer split. All interest of individuals is subject to SDC (and exempt from income tax); all interest of companies is subject to corporation tax (and exempt from SDC).

Rent no longer bears SDC — removing the double charge that applied alongside income tax.

Disguised dividends at 10%. Where a shareholder (or a relative) uses a company asset privately, or acquires a company asset below market value, the value involved is treated as a dividend and taxed at double the normal rate. It does not apply where a benefit-in-kind charge already applies, where the asset was originally donated to the company by that shareholder, or on capital reductions, dissolutions and liquidations.

Non-domicile status can be extended. A person whose domicile of origin is outside Cyprus, and who would otherwise become deemed-domiciled after 17 of the last 20 years of residence, may extend the exclusion from SDC for up to two further five-year periods on payment of €250.000 for each period, in advance (€50.000 a year), subject to the Commissioner's approval.

Who is domiciled in Cyprus

- A person with a domicile of origin in Cyprus under the Wills and Succession Law; or
- a person who has been Cyprus tax resident for at least 17 out of the 20 years before the tax year ("deemed domiciled").
- Once acquired, deemed domicile is retained unless the person is non-resident in Cyprus for 20 years. Anti-avoidance provisions apply.

The non-domicile regime in practice

Defence contribution is charged only on a person who is both Cyprus tax resident and Cyprus domiciled. A resident who is not domiciled here pays none of it — nothing on dividends, nothing on interest. This is the single largest attraction of moving to Cyprus for someone with investment income.

Domicile arises in one of two ways: a domicile of origin in Cyprus, or deemed domicile acquired by living here for 17 years out of the 20 before the tax year. The second is the one that catches people. Someone who settles here finds that in their eighteenth year the defence contribution switches on.

From 2026 a person in exactly that position — foreign domicile of origin, about to be caught by the 17-year test — may buy more time. €250.000 paid in advance buys a further five years outside the charge, and the election may be made twice, so the exemption can run for 27 years in all. The payment works out at €50.000 a year. It is irrevocable, not refundable if circumstances change, and cannot be credited against any other tax. The Commissioner must approve the application, which for a period beginning on 1 January 2026 had to be filed by 30 June 2026.

Whether it is worth doing is a straightforward calculation: does the defence contribution you would otherwise pay exceed €50.000 a year?

An example. An individual has a UK domicile of origin and has been Cyprus tax resident since 2009, so she becomes deemed domiciled in 2026. She draws €1.500.000 of dividends a year from her Cyprus holding company.

	Without the election	With the election
Dividends	€1.500.000	€1.500.000
Defence contribution at 5%	€75.000	Nil
Cost of the election (€250.000 over five years)	Nil	€50.000
Annual cost	€75.000	€50.000

The above individual saves €25.000 a year, €125.000 over the period, and may repeat the election once. Had her dividends been €300.000, the defence contribution would have been €15.000 and the election would have made no sense — she would simply pay the tax. The General Healthcare System contribution of 2,65% is payable either way, capped at €180.000 of total income.

One point worth raising with anyone approaching year seventeen: distributing accumulated profits before deemed domicile applies costs nothing at all, which is often better than either paying the contribution or buying the exemption.

When SDC is paid

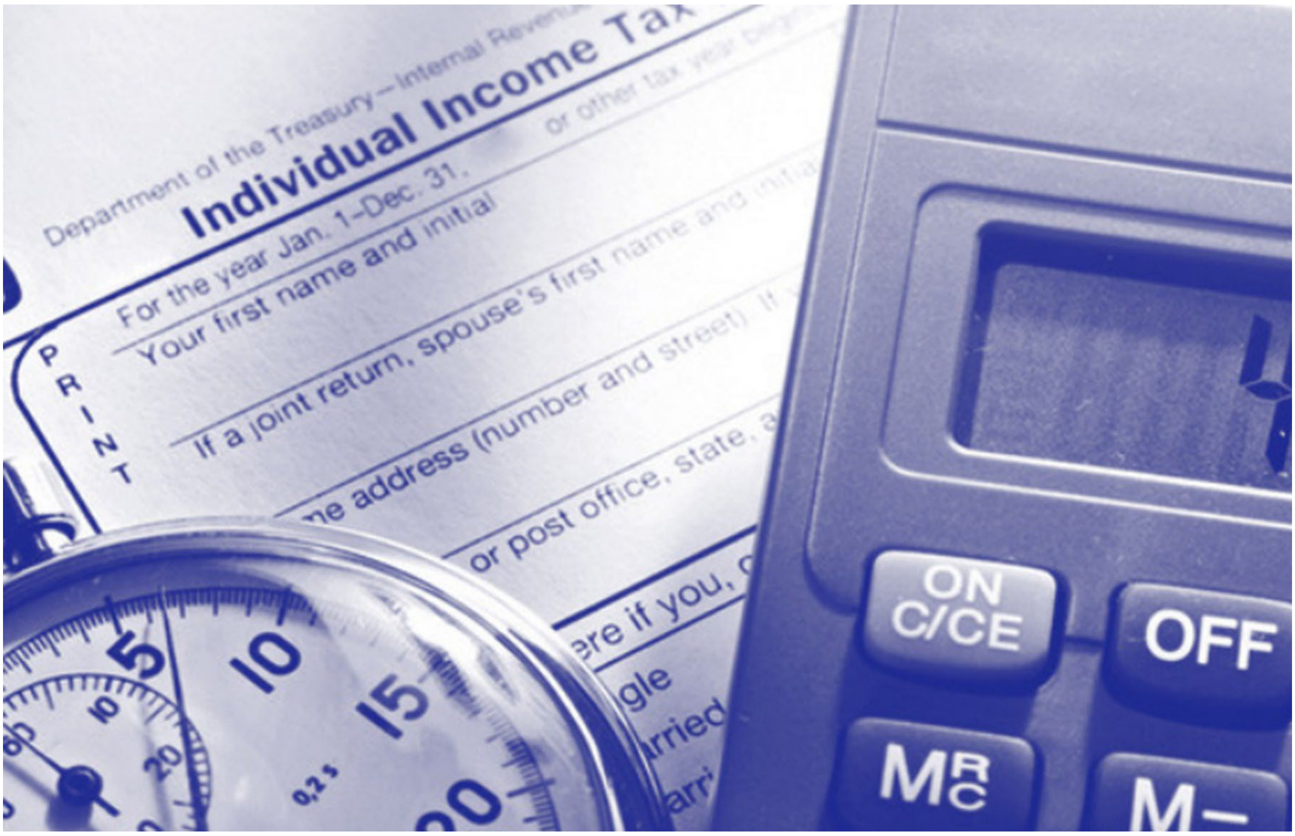
- On Cyprus-source dividends and interest, the payer withholds SDC and pays it by the end of the month following the month of payment.
- On foreign dividends and interest, the individual self-assesses. From 2026 this is payable by the deadline for submitting the tax return for the year (previously in two six-month tranches).
- Foreign tax paid on the same income may be credited against the SDC, whether or not a treaty applies.

1.8 SOCIAL INSURANCE AND THE GENERAL HEALTHCARE SYSTEM

These are contributions rather than taxes, but for most households they are the largest deduction from pay.

Contribution	Rate	On what
Social insurance — employee	8,8%	Emoluments up to €68.904 a year (€5.742 monthly, €1.325 weekly) for 2026
Social insurance — employer	8,8%	Same ceiling
Social insurance — self-employed	16,6%	Income between profession-specific lower limits and the same ceiling
Social cohesion fund — employer	2,0%	Total emoluments, no ceiling
Redundancy fund — employer	1,2%	Up to the ceiling
Human resource development fund — employer	0,5%	Up to the ceiling
Central holiday fund — employer (unless exempt)	8,0%	Up to the ceiling
GHS — employee	2,65%	Own emoluments
GHS — employer	2,90%	Employees' emoluments
GHS — self-employed	4,00%	Own income
GHS — pensioners	2,65%	Pension
GHS — rent, dividend, interest and other income	2,65%	That income

GHS contributions are capped at total annual income of €180.000, applied in the order: employment, self-employment, office holders, pensions, then rent/interest/dividends and other income. Social insurance rates rise every five years until 2039 under the actuarial schedule.



1.9 CAPITAL GAINS TAX

Capital gains tax (CGT) is charged at 20% and applies only to Cyprus immovable property — directly, or through shares in companies that own it.

What is taxed

- Disposal of immovable property situated in Cyprus, including a sale agreement, exchange, lease, gift, abandonment of use of a right, grant of a right to purchase and sums received on cancellation of a disposal.
- Disposal of shares in companies that directly own Cyprus immovable property.
- Disposal of shares in companies that indirectly own Cyprus immovable property, where at least 20% of the market value of those shares derives from it (50% up to 2025). Only the part of the gain relating to the Cyprus property is taxed. The test applies unless an applicable double tax treaty provides otherwise.
- Shares listed on a regulated market of a recognised stock exchange are exempt. From 2026, shares listed on an unregulated market are exempt only up to total disposals of €50.000 in a calendar year; shares held on 31 December 2025 and already listed on an unregulated market at that date remain exempt whatever the amount.

How the gain is computed

The gain is the sale proceeds less the greater of cost or 1 January 1980 market value, adjusted for inflation by the consumer price index, less acquisition and disposal costs (interest on related loans, transfer fees, legal fees and similar).

Lifetime exemption for individuals	2026	2025
Disposal of a private principal residence (conditions apply)	€150.000	€85.430
Disposal of agricultural land by a farmer	€50.000	€25.629
Any other disposal	€30.000	€17.086
Overall lifetime maximum for any combination of the above	€150.000	€85.430

Main exemptions

- Transfers on death; gifts between spouses, from parent to child and between relatives up to the third degree.
- Gifts to a family company (while the shareholders remain family members for five years), and gifts by a family company to its shareholders where the property was itself received as a gift and is kept for three years.
- Gifts to approved charities, the Republic and local authorities; expropriations; donations to a political party.
- Transfers under a qualifying reorganisation.
- Exchange of properties, to the extent the gain is reinvested in the new property (tax deferred until the new property is sold).
- From 2026, exchange of land with a developer for apartments or for a division of the land, provided the development is completed within five years.
- Property acquired at market value from unrelated parties between 16 July 2015 and 31 December 2016.
- Transfers of a private principal residence within a debt restructuring, up to proceeds of €450.000 (€350.000 to 2025).

1.10 INHERITANCE TAX

There is no inheritance tax or estate duty in Cyprus; it was abolished on 1 January 2000. The executor or administrator must nevertheless file a statement of the deceased’s assets and liabilities with the tax authorities within six months of the date of death.

1.11 WORKED EXAMPLE — AN EMPLOYEE IN 2026

An individual who is Cyprus tax resident and domiciled, married with two children, and earns a salary of €66.000. Family income is below €100.000.

	€
Salary	66.000
Less: social insurance 8,8% (within the €68.904 ceiling)	(5.808)
Less: GHS 2,65%	(1.749)
Less: deduction for two children (€1.000 + €1.250)	(2.250)
Chargeable income	56.193
Income tax: nil on the first €22.000	—
20% on €10.000	2.000
25% on €10.000	2.500
30% on €14.193	4.258
Income tax payable	8.758
Effective rate on gross salary	13,3%

Simplified illustration. Other deductions — life insurance, provident fund, housing interest, energy measures — would reduce the figure further, subject to the 1/5 restriction. Contribution ceilings and deduction thresholds must be checked in each case.

PART 2 — TAXES ON COMPANIES

Corporation tax at 15%, a much lighter tax on distributions, and a tighter set of anti-avoidance rules.

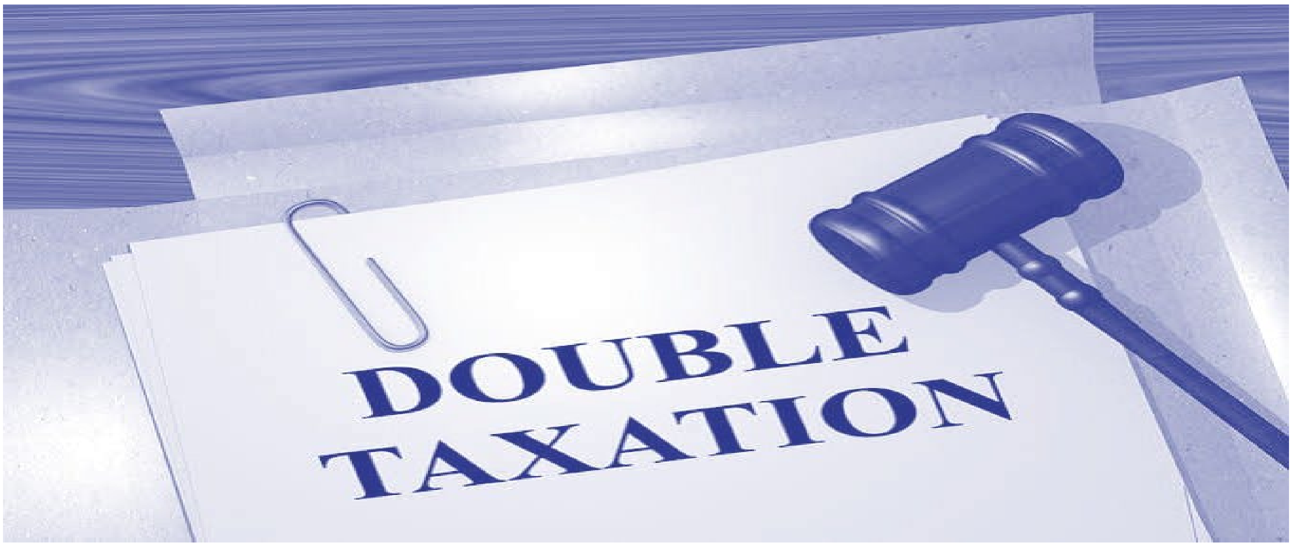
2.1 WHICH COMPANIES CYPRUS TAXES

A company is tax resident in Cyprus if it meets either of two tests. The first is that its management and control is exercised in Cyprus. The second, which applies from 2026, is that it is incorporated in Cyprus; companies that have transferred their registered office or legal seat to Cyprus count as incorporated here. The incorporation test gives way where a double tax treaty provides otherwise. A treaty takes precedence over Cyprus law, so a Cyprus-incorporated company that the treaty treats as resident of the other country is generally treated as resident there, and Cyprus may tax it only as the treaty allows. Where there is no treaty, or the treaty does not allocate residence to the other country, the company remains Cyprus tax resident, even if another country also taxes it as a resident.

Example — a Cyprus company managed from Greece. The Cyprus–Greece double tax treaty of 1968 defines a company as resident in the country where its activities are managed and controlled (Article 3); where the company is incorporated does not matter for treaty purposes. Take a company incorporated in Nicosia whose directors live in Athens and take all key decisions at board meetings held there. Under the treaty the company is resident in Greece and is taxed in Greece on its worldwide profits; Cyprus may tax it only as the treaty allows, for example on the profits of a Cyprus permanent establishment. The company must still file a Cyprus tax return, but it cannot obtain a Cyprus tax residence certificate. If instead the board met and took its key decisions in Cyprus, the company would be Cyprus tax resident under both Cyprus law and the treaty. If management and control were genuinely split between the two countries, the position would be uncertain: the treaty contains no tie-breaker rule, so the two tax authorities would need to resolve the matter through the mutual agreement procedure.

Cyprus tax resident companies are taxed on worldwide income. Non-resident companies are taxed on the profits of a Cyprus permanent establishment and on certain Cyprus-source income. Foreign tax paid may be credited against the Cyprus liability, whether or not a treaty exists.

> What changed in 2026
>
> The previous requirement that an incorporated-in-Cyprus company must not be tax resident anywhere else has been dropped. Treaty tie-breakers now decide dual-residence cases. Groups with Cyprus-incorporated companies managed abroad should re-check their residence position and their treaty claims.



2.2 CORPORATION TAX RATE AND EXEMPT INCOME

The corporation tax rate is 15% for 2026 onwards (12,5% up to 2025). The increase aligns Cyprus with the OECD Pillar Two minimum rate.

Exempt income	Exemption	Notes
Profit on the sale of securities	Whole amount	Securities are widely defined — shares, bonds, debentures, options and similar instruments (Appendix J)
Dividends received	Whole amount	Unless the dividend is deductible for the paying company, or the foreign participation exemption conditions fail (see 2.9)
Profits of a foreign permanent establishment	Whole amount	Conditions apply; not available where the PE is in an EU-blacklisted jurisdiction; an election to be taxed with credit is possible
Foreign exchange gains	Whole amount	Except gains from trading in currencies and currency derivatives
Profits from production of films and audiovisual programmes	Lower of 35% of eligible spend and 50% of taxable income	Restriction carried forward 5 years

Interest income of companies is no longer exempt from corporation tax and is no longer subject to SDC: from 2026 all company interest is taxed under the Income Tax Law at 15% on the net amount.

2.3 DEDUCTIBLE AND NON-DEDUCTIBLE EXPENSES

Expenses are deductible if incurred wholly and exclusively in earning taxable income and supported by proper documentation.

Deductible, with specific rules

Expense	Deduction
Repairs to premises, plant, machinery and vehicles; bad debts; employer contributions to approved funds	Whole amount
Employer contributions to an employee medical fund / provident or pension fund	Up to 1% / up to 10% of employee remuneration
Scientific research and R&D of a revenue nature	Whole amount, plus an extra 20% for expenditure in 2025–2030 (a 120% super deduction)
Capital expenditure on R&D	Amortised over the asset's life (maximum 20 years), plus the same extra 20% for 2025–2030
Interest on the acquisition of 100% of a subsidiary	Whole amount, provided the subsidiary holds no assets outside the business; not available for subsidiaries in EU-blacklisted jurisdictions
Notional interest deduction on new equity	See 2.7
Donations to approved charities; contributions to approved cultural institutions	Whole amount / up to €50.000
Entertainment for business purposes	Lower of €30.000 and 1% of gross income (€17.086 to 2025)
Costs of a first listing of shares on a recognised exchange	Up to €300.000 (new in 2026), within the EU de minimis State aid limits and only to the extent it does not create a loss; unused amounts carry forward two years
Cost of Living Allowance paid under the permanent COLA agreement	An additional deduction equal to twice the increase in COLA cost compared with the immediately preceding year, under the Permanent Agreement of 13 November 2025, conditions apply
Investment in approved innovative SMEs (to 31 December 2026)	Up to 50% of taxable income, capped at €150.000 a year; 30% where financed from own funds
Maintenance of a building under a Preservation Order	€700 – €1.200 per m^2, by size
Energy-saving study by a qualified expert	Whole amount

Not deductible

- Private motor vehicle expenses, and interest on the cost of a private car or any asset not used in the business (for seven years from acquisition).
- Salaries on which social insurance and other contributions were not paid in the year they were due (deductible in the year of payment if settled within two years, or within a period regulated under the Overdue Social Insurance Law).
- Any expenditure not supported by invoices, receipts or other evidence.
- Rent for Cyprus immovable property not paid by bank transfer, card or other recognised electronic means
- Interest and royalties accrued to associated companies resident in a low-tax jurisdiction (LTJ) — whether or not paid — with an anti-conduit rule for indirect arrangements. Exceptions apply for interest on listed securities and where Cyprus withholding tax applies. See 2.10.
- Expenses relating to exempt income; entertainment above the cap; taxes; voluntary payments; capital expenditure; improvements to immovable property; amounts recoverable under insurance.
- Foreign exchange losses are tax-neutral unless from trading in currencies or currency derivatives.

2.4 CAPITAL ALLOWANCES

Capital allowances replace accounting depreciation. The main rates are below; the complete schedule, including vessels, greenhouses and specialised plant, is in Appendix D.

Asset	Annual allowance
Plant, machinery, furniture and fittings	10% (20% for 2012–2018 additions)
Computer hardware and operating systems	20%
Application software	33 1/3% (written off in full if under €1.709)
Commercial motor vehicles and motorcycles	20%
Commercial buildings	3%
Industrial, agricultural and hotel buildings	4% (7% for 2012–2018 additions)
Machinery and equipment in agriculture and livestock farming	25%
Energy-efficiency improvements to buildings (2023–2030)	7%
Energy systems, renewables and storage batteries (2023–2030)	20%
Electric vehicles and charging stations (2023–2030)	33 1/3%
Intangible assets other than goodwill	Over their useful life, maximum 20 years

From 2026, where an asset (tangible or intangible) is acquired in exchange for new shares, capital allowances are computed on an amount not exceeding the asset's fair market value at acquisition. The useful life of intangibles with an indefinite life is fixed at 20 years.

2.5 TAX LOSSES AND GROUP RELIEF

- A tax loss is carried forward and set off against profits of the next seven years (five years for losses up to 2025). Losses of 2019 not used by 2024 could not be carried into 2025.
- A company must first use its own brought-forward losses before claiming group relief.
- A current-year loss of one company may be surrendered to another Cyprus tax resident company in the same group. A group exists where one company holds directly or indirectly at least 75% of the voting shares of the other, or both are 75% held by a third company.
- Interposing non-Cyprus companies does not break the group, provided they are resident in the EU or in a treaty or exchange-of-information country.
- Losses of a group company resident in another EU member state may be claimed if that company has exhausted all possibilities of using them in its own country; the losses are recomputed under Cyprus rules.
- A sole trader or partnership incorporating its business may carry its losses into the company.
- Losses of an exempt foreign permanent establishment may be set against Cyprus profits; later PE profits are then taxable up to the amount of losses used.
- Losses are lost where there is a change in ownership together with a substantial change in the nature of the business within any three-year period, or a change of ownership after activities have become negligible.

2.6 REORGANISATIONS

Mergers, demergers, partial divisions, transfers of assets, exchanges of shares and transfers of the registered office of an SE or SCE may be carried out without corporation tax, capital gains tax, transfer fees or mortgage fees, subject to conditions. Losses of the transferring entity may be carried forward by the receiving entity.

2.7 NOTIONAL INTEREST DEDUCTION (NID)

Equity introduced from 1 January 2015 as fully paid share capital or share premium ("new equity") attracts a notional deduction, calculated as new equity multiplied by a reference rate: the yield on the 10-year government bond of the country where the funds are employed, as at 31 December of the previous year, plus 5%. Where no such bond exists, the Cyprus 10-year bond yield plus 5% is used.

- The deduction cannot exceed 80% of the taxable profit generated by the assets financed with the new equity, before the NID.
- It cannot create or increase a tax loss.
- New equity excludes amounts capitalised from the revaluation of movable or immovable property.
- It is treated as interest expense for the purposes of the interest limitation rule, and anti-avoidance provisions apply.
- A taxpayer may elect to claim all, part or none of the NID in a given year.

2.8 INTELLECTUAL PROPERTY AND R&D

The IP box

Qualifying taxpayers deduct 80% of the qualifying profit from qualifying intangible assets, calculated with the modified nexus fraction:

$$\text{Qualifying profit} = (\text{qualifying expenditure} + \text{uplift expenditure}) \div \text{overall expenditure} \times \text{overall IP income}$$

- Qualifying assets: patents and patent equivalents, copyrighted software, utility models and other non-obvious, useful and novel IP certified as such, subject to size criteria. Marketing IP such as trademarks does not qualify.
- R&D outsourced to related parties is not qualifying expenditure.
- The cost of acquiring or developing the IP is amortised over its useful economic life, maximum 20 years (20 years for indefinite-life IP).
- Capital gains on the disposal of a qualifying asset are outside the qualifying profit and exempt from income tax.
- The effective tax rate on qualifying IP profit is therefore around 3% (20% of 15%).

The 120% R&D super deduction

R&D expenditure incurred in 2025–2030 attracts an additional 20% deduction, giving a total deduction of 120%. For capitalised expenditure the extra deduction follows the asset’s life (maximum 20 years). It cannot be claimed on assets already benefiting from the IP box, nor on property, plant and equipment (including employee accommodation) on which capital allowances are claimed.

2.9 SDC FOR COMPANIES AND THE END OF DEEMED DIVIDENDS

Special Defence Contribution (SDC) applies to Cyprus tax resident companies (and to Cyprus permanent establishments of foreign companies) on dividends in defined cases. From 2026 it no longer applies to company interest or to rent.

Income received by a Cyprus company	SDC in 2026
Dividends from another Cyprus tax resident company — general rule	Exempt
Dividends received in 2026 out of 2024 or 2025 profits; dividends received in 2027 out of 2025 profits	17%
Dividends received indirectly more than four years after the year in which pre-2026 profits arose, received up to 31 December 2031	17%
Dividends from a foreign company — general rule	Exempt
Dividends from a foreign company where the participation exemption fails (more than 50% investment income and foreign tax below half the Cyprus burden — an effective rate under 7,5%)	5%
Interest	Nil — taxed under corporation tax instead
Interest of exempt religious, charitable, educational, art, science and sports bodies	17% (3% on qualifying bonds)
Interest accruing to pension funds, provident funds, the Social Insurance Fund, the Health Insurance Fund and general government entities	3%
Rental income	Nil — abolished

The 17% exceptions above do not apply where the Cyprus company receiving the dividend is owned, directly or indirectly, by non-Cyprus tax residents or by Cyprus tax resident non-domiciled individuals.

Deemed dividend distribution — the transition

The deemed dividend distribution (DDD) rules are abolished for profits of 2026 onwards. Earlier profits remain caught by transitional provisions, so the DDD charge disappears in stages:

Profits of year	Deemed distributed on	Amount	SDC rate
2023	31 December 2025 (under the old rules)	70% of adjusted after-tax profits	17%
2024	31 December 2026	70% of adjusted after-tax profits	17%
2025	31 December 2027	70% of adjusted after-tax profits	17%
2026 onwards	No deemed distribution	—	—

- DDD applies only to the extent profits are attributable, directly or indirectly, to shareholders who are Cyprus tax resident and domiciled individuals.
- Amounts deemed distributed are reduced by actual dividends already paid out of those profits. Profits are taken net of corporation tax, SDC, capital gains tax and uncredited foreign tax.
- The company pays the SDC in the first instance and may recover it from the shareholders concerned.
- On a dissolution, profits of the last five years that were not distributed or deemed distributed are treated as distributed and taxed at 17% — but only to the extent they were earned up to 31 December 2025. This does not apply to dissolutions within a qualifying reorganisation, or where assets are insufficient to pay creditors.
- Where tax was paid under the DDD rules on shareholdings held at 31 December 2025 and the corresponding actual dividend is later paid to a non-resident or to a non-domiciled Cyprus resident, a refund may be claimed.
- Non-domiciled shareholders never bore SDC on deemed distributions, but they did pay GHS contributions on them. With the rules abolished, that GHS charge falls away for profits of 2026 onwards and only actual dividends bear it.

The widened meaning of "dividend"

From 2026, the following are treated as dividends for SDC purposes:

- Company assets distributed to a shareholder on a capital reduction, dissolution or liquidation — at market value, reduced by capital actually paid up by that shareholder and not previously returned, by any CGT paid on the assets, and by any disguised dividend already taxed.
- An increase in issued share capital by capitalisation of distributable reserves — the dividend is the amount of the increase.
- From 1 January 2031, the redemption of shares or units in open-ended or closed-ended collective investment companies.

Companies paying dividends, including disguised dividends, must now issue each shareholder a certificate showing the amount, the SDC withheld and the year whose profits were distributed.

2.10 WITHHOLDING TAXES ON PAYMENTS ABROAD

As a rule Cyprus does not withhold tax on dividends, interest or royalties paid to non-residents. Three sets of exceptions apply.

Payment	Withholding tax
Royalties for rights used within Cyprus	10% (5% for cinematographic films). May be reduced by a treaty or the EU Interest and Royalties Directive. Rights used outside Cyprus: nil
Rental of cinematographic films shown in Cyprus	5%
Gross income of non-resident individuals from a profession or vocation exercised in Cyprus, public entertainers, football clubs and other athletic missions	10%
Services of a non-resident, without a Cyprus PE, connected with exploration or exploitation of the seabed, subsoil and natural resources, and related pipeline installations	5%
Dividends to associated companies in an EU-blacklisted jurisdiction (BLJ)	17%
Dividends to associated companies in a low-tax jurisdiction (LTJ) — new from 1 January 2026	5%
Interest to associated companies in a BLJ	17%
Royalties to associated companies in a BLJ	10%

Blacklisted and low-tax jurisdictions

- A BLJ is a jurisdiction on Annex I of the EU list of non-cooperative jurisdictions. The recipient must appear on the list in the last publication of both the current and the previous tax year.
- An LTJ is a jurisdiction whose nominal corporate tax rate is at least 50% lower than the Cyprus rate — that is, below 7,5% for 2026. The Tax Department publishes the list of LTJs annually (Circular 1/2026 for the 2026 year).
- For the 2026 tax year the Tax Department listed eleven low-tax jurisdictions in Circular 1/2026 of 9 April 2026, issued under Article 11(17) of the Income Tax Law and Articles 2 and 3(1)(d)(i)(aa) of the Defence Contribution Law. The list is in Appendix E.
- Both regimes require an associated relationship — broadly a 50% direct or indirect relationship in capital, profits or voting rights.
- Neither regime applies to payments made to individuals.
- Where a jurisdiction is both a BLJ and an LTJ, the BLJ rules take precedence and the LTJ non-deductibility rules do not apply.
- Anguilla and Vanuatu appear on both lists for 2026, so the blacklisted-jurisdiction rules — including the 17% withholding tax on dividends — apply to payments made to them.
- For LTJs the sanction on interest and royalties is non-deductibility for the payer rather than withholding (see 2.3).

2.11 TRANSFER PRICING

Since 1 January 2022 Cyprus has had full OECD-style transfer pricing documentation rules. Cyprus tax residents and Cyprus permanent establishments of non-residents that enter into controlled transactions must apply the arm's length principle and document it.

Five categories of controlled transaction are tested separately against the thresholds: financing given and received, goods bought and sold, services provided and received, intellectual property sold, bought or licensed, and other transactions.

Parties are related for these purposes under the 25% test in Article 33(3) of the Income Tax Law: direct or indirect participation of at least 25% in the voting rights, the share capital or the entitlement to income, whether held by the same person, by that person together with connected persons, or by a group of persons acting together. The 25% test is quite separate from the 50% test used for the blacklisted and low-tax jurisdiction measures in 2.10.

The rules sit in Articles 33 and 33C of the Income Tax Law and in Regulations Κ.Δ.Π. 314/2022 and Κ.Δ.Π. 273/2022, published on 8 July 2022 and effective from 1 January 2022. For the financing category, the threshold is measured on the principal amount together with interest charged but not paid.

Obligation	Who	When
Summary Information Table (SIT)	Every taxpayer with controlled transactions — no threshold	Filed electronically with the income tax return
Cyprus Local File	Taxpayers exceeding the category thresholds below	Prepared by the return deadline; submitted within 60 days of a request
Master File	Cyprus ultimate or surrogate parent entities of groups within country-by-country reporting	Prepared by the return deadline; submitted within 60 days of a request
Minimum TP documentation	Taxpayers below the Local File thresholds	Submitted within 60 days of a request

Local File threshold, per category, per year	2022 – 2025	From 2026
Financing transactions	€5m	€10m
Sale or purchase of goods	€1m	€5m
Services, IP licensing and royalties, and all other categories	€1m	€2,5m

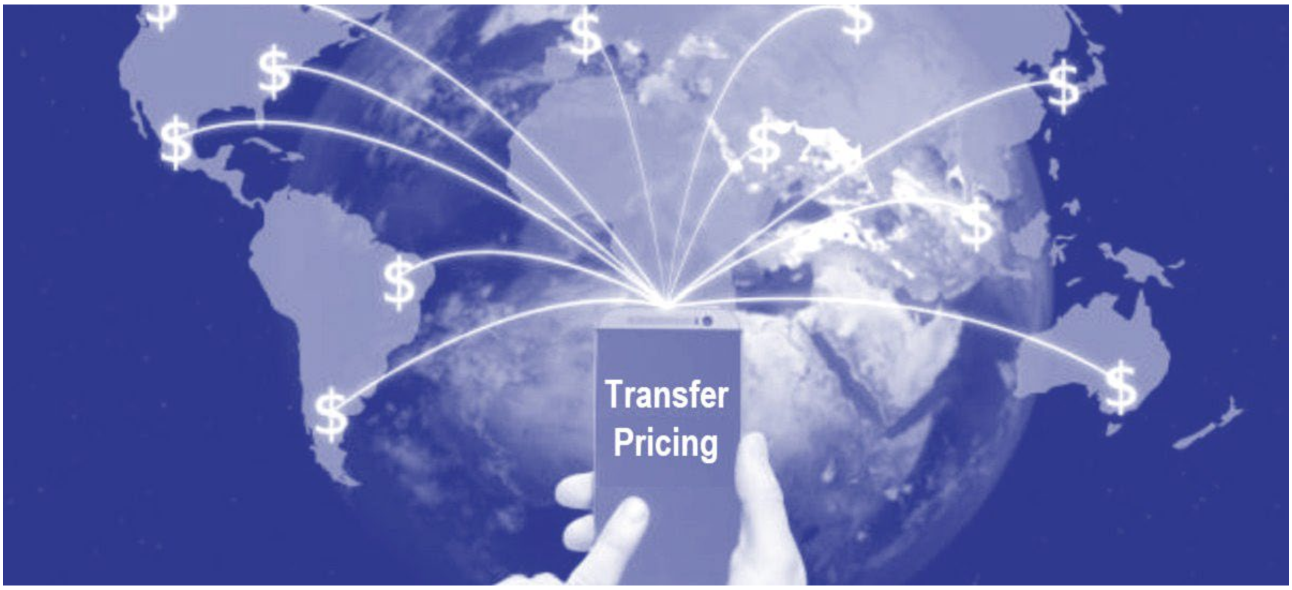
Quality review, simplification measures and APAs

- The Cyprus Local File must undergo a quality review by a holder of an ICPAC practising certificate (or another approved body).
- Taxpayers below the thresholds may elect safe harbours: a minimum 2,5% return on related-party loans funded by borrowings; the borrower's 10-year government bond yield plus 3,5% where funded by equity; a maximum cost of debt equal to the Cyprus 10-year bond yield plus 1,5% on financing received; and a 5% mark-up on low value-adding services. Safe harbours are unavailable where reliable internal comparables exist, or above €5m of financing / €1m of services.

- The safe-harbour rates set by Circular 6/2023 are:

Transaction	Safe harbour
Back-to-back financing — loans funded by borrowings	Minimum return of 2,5% after tax on the loan receivable
Loans receivable funded by equity	Minimum return equal to the 10-year government bond yield of the borrower's country, plus 3,5%
Financing received from related parties and used in the business	Borrowing cost not exceeding the Cyprus 10-year government bond yield, plus 1,5%
Low value-adding services	5% mark-up on the relevant costs (a minimum for the provider, a maximum for the recipient)

- Electing a safe harbour may create a DAC6 reportable arrangement.
- Circular 6/2023, issued on 6 July 2023 with retrospective effect from 1 January 2022, sets out both the minimum documentation and the safe harbours. The election is made by completing the relevant part of the tax return by the filing deadline, and the documentation must be given to the Commissioner within 60 days of a request.
- A safe harbour cannot be used where the business holds reliable internal comparables for the transaction, and the Tax Department reviews the rates periodically. Where the accounting profit from the controlled transactions is higher than the safe-harbour result, no downward adjustment of taxable income is made.
- A unilateral safe harbour applied to a cross-border transaction is a reportable arrangement under DAC6 hallmark E.1 (see below).
- Advance Pricing Agreements may be requested for current or future transactions, unilaterally, bilaterally or multilaterally, valid for up to four years.
- An agreement is valid for up to four years and the Tax Department typically takes between 10 and 24 months to conclude one. It may be revised or revoked where the contractual terms, or the assumptions on which it was based, change.
- Penalties: €500 for a late or missing SIT; €5.000 / €10.000 / €20.000 for a documentation file produced 61–90 days, 91–120 days, or beyond 120 days after a request (or not at all).



2.12 ANTI-AVOIDANCE RULES

Interest limitation rule

Exceeding (net) borrowing costs are deductible only up to 30% of tax-adjusted EBITDA. A de minimis of €3m of exceeding borrowing costs is always deductible. The rule is applied at Cyprus group level (75% criterion); stand-alone entities and financial undertakings are exempt; grandfathering applies to loans concluded before 17 June 2016; long-term public infrastructure loans are excluded; an equity escape clause is available; and unused capacity and disallowed costs may be carried forward.

Controlled foreign companies (CFC)

Non-distributed income of a foreign subsidiary or permanent establishment that is controlled by a Cyprus company (more than 50% directly or indirectly) and is taxed at less than half the Cyprus burden may be attributed to the Cyprus company, to the extent it arises from non-genuine arrangements put in place to obtain a tax advantage. Exemptions apply for low-profit and low-margin entities.

Hybrid mismatches

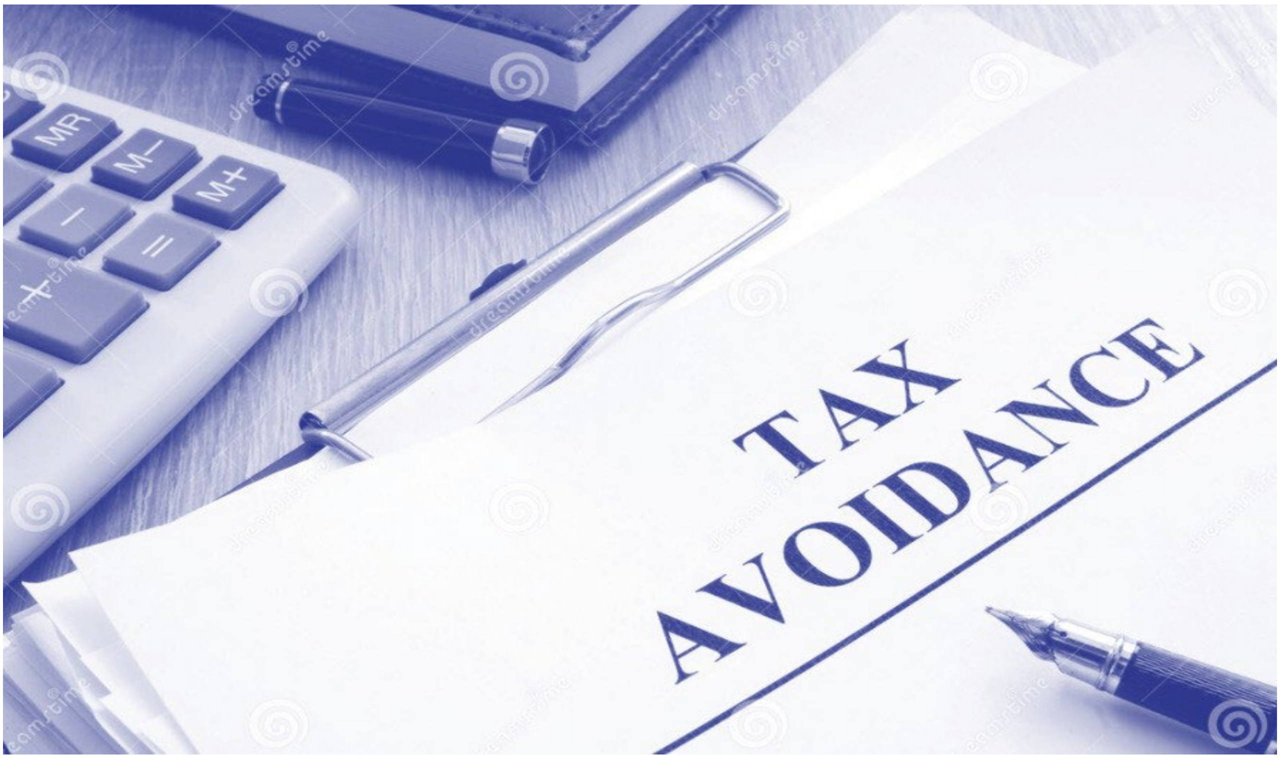
Rules neutralise deduction without inclusion, double deduction and non-taxation without inclusion arising from hybrid financial instruments, hybrid entities, hybrid transfers, hybrid permanent establishments, imported mismatches, tax-residency mismatches and reverse hybrids.

Exit taxation

Tax at 15% applies on the difference between market value and tax value where assets leave the Cyprus tax net — on transfers from head office to a foreign PE, from a Cyprus PE abroad, on a transfer of tax residence, or on a transfer of the business of a Cyprus PE. Assets expected to return within 12 months in connection with securities financing, collateral, prudential capital or liquidity management are excluded. Assets entering Cyprus take the exit value determined by the other member state, provided that reflects market value.

General anti-abuse rule (GAAR)

Arrangements that are not genuine and are put in place mainly to obtain a tax advantage are disregarded. From 2026 the GAAR in the Income Tax Law explicitly covers income tax arising in the hands of individuals as well as companies, and a similar GAAR has been added to the Defence Contribution Law.



Reporting regimes

- DAC6 / MDR: cross-border arrangements bearing defined hallmarks must be reported within 30 days of the trigger event. Penalties run from €1.000 to €20.000 per arrangement, capped at €120.000 a year.
- The rules apply to any intermediary — adviser, lawyer, accountant, bank — and, failing that, to the taxpayer. Some hallmarks bite only where the main benefit test is met, that is, where a tax advantage is the main benefit that can reasonably be expected; hallmarks in categories C(1)(b)(ii), C(1)(c), C(1)(d), D and E apply on their own. The regime applies retrospectively to arrangements from 25 June 2018, and the five hallmark categories are:

Hallmark category	What it catches
A — generic	Confidentiality clauses, fees linked to the tax advantage, and standardised documentation needing no real customisation
B — specific	Buying a loss-making company, converting income into capital, and circular transactions
C — cross-border payments	Deductible payments between associated enterprises where the recipient is not resident anywhere, is in a jurisdiction with no or almost no corporate tax, is on a non-cooperative list, is exempt, or benefits from a preferential regime; also double depreciation and double relief for the same income
D — exchange of information	Arrangements that undermine reporting obligations or obscure beneficial ownership
E — transfer pricing	Unilateral safe harbours, transfers of hard-to-value intangibles, and intra-group transfers reducing the transferor's projected annual EBIT by more than 50%

- Country-by-country reporting: groups with consolidated revenue above €750m file a CbC report within 12 months of the year end and a notification by the year end, via the Ariadni portal.
- Public country-by-country reporting: in-scope groups must publish income tax information, in Greek or English, within 12 months of the balance sheet date and keep it available for five years. The audit report must state whether the obligation applied to the preceding year and whether it was met.
- DAC8: the EU directive extending automatic exchange of information to crypto-assets is in force in Cyprus and brings reporting obligations for crypto-asset service providers and exchanges.

2.13 GLOBAL MINIMUM TAX (PILLAR TWO)

Cyprus has transposed the EU Minimum Taxation Directive. A minimum effective tax rate of 15% applies to multinational and large domestic groups with consolidated revenue of at least €750m in two of the four preceding years.

- Income Inclusion Rule (IIR) — for financial years from 31 December 2023.
- Undertaxed Profits Rule (UTPR) — for financial years from 31 December 2024.
- Domestic Minimum Top-up Tax (DMTT) — for financial years from 31 December 2024; it allows the push-down of foreign taxes such as CFC tax and respects the transitional CbCR safe harbour.
- Filing: a GloBE Information Return within 15 months of the year end (18 months in the first year), a top-up tax return 30 days later, and a notification to the Cyprus authorities within the same 15/18-month window.
- De minimis: groups with average revenue below €10m and average qualifying income below €1m in a jurisdiction pay no top-up tax there.
- For groups within scope, the first notification to the Cyprus tax authorities in respect of financial year 2024 falls due on 30 June 2026.

2.14 SHIPPING — THE TONNAGE TAX SYSTEM

The Merchant Shipping Legislation, approved by the EU to 31 December 2029, exempts qualifying shipowners, charterers and shipmanagers from all profit taxes and instead charges tonnage tax on the net tonnage of the vessels. Rates are in Appendix D.

- The exemption covers profits from the operation and chartering of qualifying vessels, profits on their disposal, dividends paid out of those profits at every level of distribution, disposal of shares in shipowning companies, and bank interest on working capital.
- Salaries of officers and crew on qualifying EU/EEA-flagged vessels are exempt.
- Shipmanagers must maintain a fully-fledged Cyprus office, employ sufficient qualified personnel, have at least 51% EU/EEA onshore staff and manage at least two-thirds of tonnage within the EU/EEA.
- Non-EU/EEA vessels may enter if at least 60% of the fleet is EU/EEA flagged, or otherwise subject to conditions. Charterers must meet a 25% composition requirement (10% under conditions).
- Ancillary activities qualify provided the income does not exceed 50% of the gross income of each qualifying vessel.
- Environmentally friendly vessels obtain a tonnage tax reduction of up to 30%. The system is compulsory for Cyprus-flag owners and optional for others, with a ten-year lock-in and an "all or nothing" rule at group level.

2.15 INVESTMENT FUNDS

- Cyprus funds may take the form of AIFs (with limited or unlimited numbers of investors) and RAIFs, or UCITS, structured as common funds, variable or fixed capital investment companies, or limited partnerships.
- Corporate funds that are managed and controlled in Cyprus are taxed under the ordinary rules; non-corporate forms are generally transparent. Each compartment is assessed separately.
- Interest earned by a fund is active interest, taxed at 15% corporation tax only.
- Gains from the disposal or redemption of units are exempt, unless the fund owns Cyprus immovable property (and even then, no CGT where listed on a recognised exchange). From 1 January 2031 individuals' redemption gains on corporate collective investment schemes are treated as dividends.
- No withholding tax on distributions to non-resident investors or to Cyprus companies; 5% SDC applies to Cyprus resident and domiciled individuals from 2026.
- No Cyprus permanent establishment arises for a non-resident investor in a transparent Cyprus fund, or from managing a foreign fund out of Cyprus.
- Management services to qualifying funds are exempt from VAT, subject to conditions. Input VAT recovery of managers, particularly on services to non-EU funds, needs attention.
- Carried interest of qualifying fund executives may be taxed at 8%, minimum €10.000 a year, for ten years.

2.16 INSURANCE COMPANIES

Insurance companies are taxed like other companies. The minimum tax of 1,5% of gross premiums on life insurance business, and the related insurance premium tax, were abolished from 1 January 2026.

2.17 WORKED EXAMPLE — PROFITS TAKEN OUT OF A COMPANY

A Cyprus trading company earns €100.000 of taxable profit in 2026 and distributes all of it to its sole shareholder, a Cyprus tax resident and domiciled individual.

	2026 (€)	2025 (€)
Taxable profit	100.000	100.000
Corporation tax (15% / 12,5%)	(15.000)	(12.500)
Distributable profit	85.000	87.500
SDC on dividend (5% / 17%)	(4.250)	(14.875)
GHS on dividend (2,65%, subject to the €180.000 cap)	(2.253)	(2.319)
Net in the shareholder's hands	78.497	70.306
Total tax and contributions	21,5%	29,7%

Illustration only. A non-domiciled shareholder pays no SDC in either year. Dividends paid in 2026 out of profits of 2025 and earlier still carry 17% SDC — the order in which reserves are distributed therefore matters.

PART 3 — VAT, PROPERTY AND TRANSACTION TAXES

VAT is the tax that touches almost every business daily. Stamp duty, by contrast, no longer exists.

3.1 VAT — THE BASICS AND THE RATES

VAT is charged on the supply of goods and services made in Cyprus by a taxable person in the course of business, on the acquisition of goods from other EU member states, on services received from abroad, and on imports. A business charges VAT on its sales (output tax) and recovers VAT on its purchases (input tax); the difference is paid to, or refunded by, the Tax Department.

Rate	Main examples
19% standard	Everything not taxed at another rate or exempt
9% reduced	Restaurant and catering services, hotel and holiday accommodation, taxi and domestic sea passenger transport, residential electricity tariffs, and organised artistic or entertainment events where the ticket includes catering
5% reduced	Food and non-alcoholic drinks, medicines and vaccines, books, newspapers and magazines, animal feed, fertilisers, hairdressing, funeral services, urban and rural bus fares, admission to cultural and sporting venues, goods for persons with disabilities, renovation of private residences, purchase or construction of a primary residence (see 3.4), and construction and renovation of buildings used by eligible educational institutions
3% reduced	Books, newspapers and periodicals in physical or electronic form, specified aids and equipment for persons with disabilities, street cleaning, refuse collection and waste treatment, sewage disposal, and admission to the premiere of theatrical, musical, dance and classical works
0% zero-rated	Exports and related services, international air and sea transport, ship management and supplies to qualifying vessels, goods placed in customs warehouses and free zones, and specified aids for persons with disabilities
Exempt	Letting of residential dwellings, most banking, financial and insurance services, most medical and dental care, certain education, cultural and sporting activities, postal services of the national provider, lottery and betting coupons, management services to mutual funds, and supplies of buildings outside the charging rules in 3.3

Temporary zero-rating of certain basic goods has been applied by decree in recent years and is time-limited. Because these measures are renewed or allowed to lapse at short notice, always check the current Tax Department announcement before invoicing.

The difference between a zero-rated and an exempt supply matters: a business making zero-rated supplies recovers its input VAT, while a business making exempt supplies does not.

Input VAT that cannot be recovered

- VAT on purchases used for exempt supplies.
- Purchase, import or hire of saloon cars of up to nine seats.
- Entertainment and hospitality of persons other than staff and directors.

An excess of input over output VAT is normally carried forward, but an immediate refund may be claimed where four months have elapsed, where the credit relates to zero-rated supplies, capital assets, out-of-scope transactions that would have been taxable in Cyprus, or exempt financial and insurance services to non-EU clients. Refund claims are limited to six years from the end of the VAT period concerned, and may be suspended while income tax returns remain outstanding.

3.2 VAT REGISTRATION

Trigger	Threshold
Taxable supplies in Cyprus in the last 12 months, or expected within the next 30 days	€15.600
Businesses not established in Cyprus making taxable supplies here	No threshold
Acquisitions of goods from other EU member states	€10.251,61 a calendar year
Distance sales and electronically supplied services to Cyprus consumers by EU suppliers	€10.000 (pan-EU)
Services received from abroad on which the recipient must reverse charge	€15.600 in any 12 months
Supplies of intra-community services to taxable persons in other member states	No threshold
Intrastat arrivals / dispatches (2026)	€380.000 / €75.000

- Voluntary registration is available to a person established or ordinarily resident in Cyprus who makes supplies outside Cyprus that would be taxable if made here.
- VAT grouping is available where financial, economic and organisational links exist; intra-group supplies are disregarded and one member files a single return. The Commissioner may refuse a group in certain cases.
- VIES returns are required monthly for intra-community supplies of goods and services.

3.3 VAT AND IMMOVABLE PROPERTY

- Sale of buildings. Under the rules in force to 31 August 2026, the supply of a building was taxable when made before first delivery, and on later deliveries within five years of completion, provided there had been no actual use by an unrelated person for at least 24 months.
- From 1 September 2026 (R.A.A. 103/2026) the test changed: the transfer of a building, or of possession of a building under a sale contract, an agreement providing for future transfer, or a lease with an option to purchase, is subject to VAT when made before first occupation. First occupation means the first use of the building after delivery or construction — including owner-occupation, self-use or letting — carried on systematically for at least 18 months.
- Non-developed building land intended for the construction of structures in the course of business has been subject to 19% VAT since 2 January 2018. Land in livestock, environmental protection, archaeological and agricultural zones is outside the charge.
- Leasing to a business. The lease of immovable property other than residential dwellings to a taxable person who carries on taxable activities to at least 90% is subject to 19% VAT. The lessor may irrevocably opt out for a specific property. From 1 April 2026 the option is notified on form TD1220 within 30 days of signing the lease, unless the Commissioner allows a later date.
- Finance-lease style arrangements. Since 1 January 2019, leases that effectively transfer the risks and rewards of ownership are treated as supplies of goods and taxed accordingly.
- Loan restructuring. On transfers of property to a lender in a restructuring or forced sale, the lender accounts for the VAT under the reverse charge (Article 11D).

3.4 THE 5% RATE ON A PRIMARY RESIDENCE

The reduced rate of 5% applies to the purchase or construction of a dwelling used as the buyer's main and permanent residence in Cyprus, on both a floor-area and a value test:

Test	Rule
Floor area	5% on the first 130 m²; 19% on additional area up to 190 m²; if the buildable area exceeds 190 m², 19% applies to the whole value
Value	5% up to €350.000; 19% on the excess up to €475.000; if the transaction exceeds €475.000, 19% applies to the whole value
Persons with disabilities	5% on the first 190 m², irrespective of total buildable area
Transitional cases	Where planning permission was applied for by 31 October 2023 and the 5% application is made within three years, the old rule applies: 5% on the first 200 m² irrespective of value. The Commissioner may examine transitional applications delayed by the Planning Authorities up to 31 December 2026

- Application is made to the Tax Department before delivery of the residence, or within 12 months afterwards where the delay is justified. Documents evidencing ownership are filed with the application; evidence of actual residence (utility bills, municipal taxes) within six months of taking possession.
- Eligible persons include residents of Cyprus, of other EU states and of third countries, provided the property becomes their main and permanent residence in Cyprus.
- A person who stops using the residence as their main home within ten years must notify the Commissioner within 30 days and repay the VAT difference in proportion to the remaining years — a significant improvement on the previous full repayment rule. Exceptions apply on death and on transfer to an adult child who is itself eligible.
- A false declaration carries repayment of the VAT plus a fine of up to twice the VAT due, imprisonment of up to three years, or both.

From 1 September 2026, reduced-rate renovation and repair of a private residence requires the dwelling to be at least three years old and to have been used for at least 18 months (R.A.A. 102/2026).

3.5 REVERSE CHARGE, E-COMMERCE AND VAT COMPLIANCE

Domestic reverse charge

Between business persons, the customer accounts for the VAT on: construction services (Article 11B), scrap metals and similar goods (11C), property transferred to a lender in a restructuring (11D), specified electronic devices such as mobile phones, tablets, laptops, microprocessors and games consoles (11E), and raw and semi-processed precious metals (11F).

E-commerce: OSS and IOSS

- A pan-EU threshold of €10.000 applies to intra-EU distance sales of goods and to telecommunications, broadcasting and electronic services supplied to consumers; above it, the customers member state rate applies.
- The One Stop Shop (OSS) allows a single return for B2C supplies across the EU; the Import One Stop Shop (IOSS) covers imported consignments not exceeding €150.
- Online marketplaces are treated as the supplier for certain B2C goods.
- The €22 import exemption was abolished. The VAT in the Digital Age (ViDA) package will amend these rules progressively from 2027.

Returns, payments and penalties

Obligation	Deadline	Penalty
VAT return and payment	10th day of the second month after the end of the quarter, through the Tax For All (TFA) platform	€100 per return; 10% of the VAT plus interest on late payment
Intrastat forms 1.1 and 1.2	10th day of the following month	€15 per form; delay over 30 days is a criminal offence, fine up to €2.562
VIES form	15th day of the following month	€50 per form (€15 for a corrective form); omission is a criminal offence, fine up to €850
Reverse charge not applied	—	€200 per return, capped at €4.000
Late VAT registration / deregistration	—	€85 per month of delay / €85 one-off
Books and records not kept for six years	—	€341

Where a deadline falls on a Cyprus public holiday or at a weekend it moves to the next business day. Taxpayers may apply for a different filing period with the Commissioner's approval.

Aside from an objection to the Commissioner and recourse to the Administrative Court, VAT disputes may be taken to the Tax Tribunal. With legislation changing frequently, VAT audits are expected to increase.

3.6 STAMP DUTY AND CAPITAL DUTY

Stamp duty was abolished from 1 January 2026. Documents executed on or after that date bear no stamp duty. Documents executed up to 31 December 2025 remain within the old rules — contracts were charged at 1,5‰ on amounts between €5.001 and €170.000 and 2‰ above that, capped at €20.000 per document, with €35 on contracts without a fixed sum.

Capital duty (payable to the Registrar of Companies)	Amount
On incorporation — authorised share capital	€105 flat
On incorporation — issued share capital	Nil at nominal value; €20 flat if issued at a premium
On a later increase in authorised capital	Nil
On a later issue of shares	€20 per allotment, at nominal value or at a premium

Lawyers stamps of €40 to €140 are also payable on incorporation, depending on the authorised capital, with €10 increments for each additional €2m. The €350 annual company levy was abolished from 2024; unpaid levies for 2011–2023 remain due.

3.7 PROPERTY TRANSFER FEES AND THE 0,4% LEVY

Value of property (€)	Rate	Fees (€)	Cumulative (€)
0 – 85.000	3%	2.550	2.550
85.001 – 170.000	5%	4.250	6.800
Over 170.000	8%	—	—

- Transfer fees are reduced by 50% on purchases of immovable property, and are not payable at all where the transfer is subject to VAT.
- On an approved reorganisation, no transfer fees and no mortgage fees are payable.
- Mortgage registration fees are 1% of the secured amount.
- Transfers within a family company, and free transfers between family members, are charged on the title-deed value at reduced rates (8% to a spouse, 4% to children, 8% to a relative; 0,4%, 0,2% and 0,4% respectively for free transfers).

Contribution to the Central Agency for Equal Distribution of Burdens

A seller of immovable property for which a general valuation has been set pays 0,4% of the sale proceeds. The same contribution applies to the sale of shares in an unlisted company that owns such property, calculated by reference to the latest Lands and Surveys valuation. Loan restructurings, reorganisations and donations may be exempt.

3.8 CYPRUS INTERNATIONAL TRUSTS

A trust is created when a settlor transfers property to trustees to hold for beneficiaries or for a purpose. A Cyprus International Trust requires that the settlor was not a permanent resident of Cyprus in the calendar year before creation, that at least one trustee is a permanent resident of Cyprus, and that no beneficiary (other than a charity) was a permanent resident of Cyprus in that same preceding year.

Income of a Cyprus International Trust sourced outside Cyprus is not taxed in Cyprus; each beneficiary may nevertheless be taxed in their own jurisdiction. A Cyprus International Trust may hold movable and immovable property in Cyprus and abroad, including shares in Cyprus companies.

PART 4 — COMPLIANCE AND ADMINISTRATION

The 2026 reform rewrote the filing calendar and gave the Commissioner materially stronger enforcement powers. Compliance now costs less to get right than to get wrong.

4.1 WHO HAS TO FILE A TAX RETURN

- Cyprus tax resident individuals who have gross income in the year, and all Cyprus tax residents aged between 25 and 70 at 31 December, whether or not they had taxable income.
- Non-resident individuals with income taxable in Cyprus.
- Cyprus tax resident companies, and non-resident companies with income taxable in Cyprus unless all of it has already borne Cyprus withholding tax.
- Decrees may exempt categories of taxpayers or extend deadlines; for 2020–2025 individuals with gross income below €19.500 were exempted by decree each year.

An individual must prepare audited financial statements where annual income from trade or business, rents, dividends, interest, royalties or trading goodwill exceeds €120.000 (€70.000 up to 2025). A person with only passive income and no business is not required to prepare audited accounts.

4.2 THE NEW FILING AND PAYMENT DEADLINES

For companies and individuals who must prepare accounts, both the return and the final self-assessed tax are now due on 31 January of the second year following the tax year.

Tax year	Return and final payment due
2026	31 January 2028
2027	31 January 2029
Earlier years	Under the previous rules — 31 March of the second following year for the return, 1 August of the following year for the payment, as extended from time to time by decree

- For individuals not required to prepare accounts, the return and payment deadlines are unchanged (31 July of the following year under the law, in practice extended — for 2025 income the date is 31 October 2026).
- The annual Employer's Return (TD7) is now due by 31 March of the year following the year of assessment (previously 28 February).
- Monthly payroll returns and PAYE are filed and paid through the Tax For All platform.
- A revised return may not be filed once the year is under examination or audit, although the Commissioner retains discretion to accept one.
- An objection to an assessment must be filed within 60 days of issue; for assessments issued in December, by the end of February following.

Deadlines are frequently adjusted by decree and by Tax Department announcements, particularly during the transition to the new calendar. Confirm the current date before relying on any deadline in this guide. The full 2026–2027 calendar is in Appendix H.

4.3 PROVISIONAL (TEMPORARY) TAX

- Companies, and individuals with income other than salaries, estimate their taxable income for the current year and pay in two equal instalments, by 31 July and 31 December.
- The estimate may be revised upwards or downwards at any time up to 31 December.
- If the final taxable income exceeds the estimate by more than 25%, a surcharge of 10% is imposed on the difference in tax.
- Late payment of an instalment attracts interest at the official rate plus a flat 5% penalty.
- Companies incorporated, and individuals who begin to earn non-salary income, after 30 June of a year submit the provisional calculation by 31 December of that year.

4.4 INTEREST, PENALTIES AND THE ORDER OF PAYMENTS

- The official interest rate for amounts due from 1 January 2026 is 3,5% a year, calculated on completed months (5,5% for 2025, 5% for 2024, 2,25% for 2023). Appendix I lists earlier rates.
- Late payment also attracts a flat 5% penalty, with a further 5% where the tax remains unpaid two months after the deadline.
- Late submission attracts administrative fines of €150 to €500 depending on the person, rising after a formal notice from the Commissioner — see the tables in Appendix I.
- Taxpayers who file within a publicly announced extended deadline and pay the tax at the time of filing are not charged monetary penalties.
- Payments are applied in a fixed order: interest first, then additional charges and penalties for late payment, then administrative fines, then late-filing charges, and only then the tax itself. Refunds may be set off against outstanding debts, oldest first, in the same order.

4.5 RECORDS, ASSESSMENTS AND TIME LIMITS

- Books and records, and the documents supporting a return, must be kept for six years from the later of the filing deadline and the actual filing date of the return or amended return. Where an audit starts in the final year of that period, retention extends to the earlier of completion of the audit and one year from its start.
- The Commissioner may raise an assessment within the tax year, or within six years of the date the return (or amended return) was filed, whichever is later. The previous rule ran six years from the end of the tax year.
- Accounting records must be updated within four months of the transaction, and stocktaking performed annually where the business holds inventory.
- Foreign tax credit claims made more than six years after the year end, but within six months of the foreign tax being confirmed, may still be assessed within one year of filing the supporting documents.

4.6 ENFORCEMENT POWERS INTRODUCED IN 2026

These powers are new and are the practical reason why compliance discipline now matters more than the rate changes.

- Suspension of business and sealing of premises. Where a business fails to file income tax, withholding tax or VAT returns for defined periods on or after 1 January 2027, fails to pay final tax liabilities exceeding €20.000, issues inaccurate invoices or receipts or fails to issue them, or obstructs an audit, the Commissioner may suspend its operations for up to 10 days, extendable by 20 more. Three separate notices, each allowing at least 10 days, must be served first, and the business has 5 days to make written representations on the final notice. Breaking a seal or trading during suspension carries up to two years imprisonment and a fine of up to €30.000.
- Memo over shares. Where a person owes more than €100.000 and fails to pay within 30 days of the due date, the Commissioner may register a memo over that person's shares, up to twice the amount owed, after giving 30 days notice. The memo is registered with the Registrar of Companies and blocks transfer of the shares.
- Personal data. The Commissioner may collect and process personal data, including by automated systems and profiling, strictly for monitoring and preventing fraud and tax evasion, in accordance with the GDPR.
- Directors' liability. A director remains liable for acts and omissions during their term even after removal from the register. If a change of officer is notified within 12 months it takes effect on the actual date; if notified later, the term is treated as having ended one year before the late filing date.
- Rent in cash is no longer effective. Rent for Cyprus property must be paid by bank transfer, card or another recognised electronic method; recipients may not accept cash. Rent paid otherwise is not deductible.

A short compliance checklist for 2026

Check whether dividends you intend to pay come out of pre-2026 or post-2026 profits — the SDC rate differs by 12 percentage points.

Diarise 31 December 2026 (deemed distribution on 2024 profits) and 31 December 2027 (on 2025 profits).

Review shareholder and director balances, and private use of company assets, against the 9% deemed benefit and the new 10% disguised dividend charge.

Move all rent payments onto bank or card channels and keep the evidence.

Re-test related-party transactions against the new transfer pricing thresholds, and file the Summary Information Table even if no Local File is needed.

Confirm whether any counterparty is in a blacklisted or low-tax jurisdiction before paying interest, royalties or dividends.

Check the VAT position of buildings and leases against the rules that took effect on 1 September 2026.

APPENDIX A — PERSONAL INCOME TAX BANDS

Chargeable income (€)	Rate %	Tax on band (€)	Cumulative tax (€)
From 1 January 2026			
0 – 22.000	Nil	0	0
22.001 – 32.000	20	2.000	2.000
32.001 – 42.000	25	2.500	4.500
42.001 – 72.000	30	9.000	13.500
Over 72.000	35	—	—
Up to 31 December 2025			
0 – 19.500	Nil	0	0
19.501 – 28.000	20	1.700	1.700
28.001 – 36.300	25	2.075	3.775
36.301 – 60.000	30	7.110	10.885
Over 60.000	35	—	—

Effect of the new bands

Chargeable income (€)	Tax under 2025 bands (€)	Tax under 2026 bands (€)	Annual saving (€)
25.000	1.100	600	500
35.000	3.525	2.750	775
50.000	7.995	6.900	1.095
80.000	17.885	16.300	1.585
120.000	31.885	30.300	1.585

Before the household deductions in Appendix C, which can add up to several thousand euro for families.

Other personal rates

Income	Rate
Foreign pension	5% on the excess over €5.000, or elect the normal bands
Cyprus widow(er)s pension	20% on the excess over €22.000, or elect the normal bands
Crypto-asset gains	8%
Approved share-based schemes	8% on a capped benefit
Ex-gratia / termination payments	20% on the excess over €200.000
OPAP and National Lottery winnings	20% on the excess over €5.000
Carried interest of fund executives	8%, minimum €10.000 a year

APPENDIX B — EXEMPTIONS FOR PEOPLE MOVING TO CYPRUS

50% exemption (Article 8(23A))

- Applies to remuneration from employment in Cyprus by a person who was resident outside Cyprus for at least 15 consecutive years before their first Cyprus employment.
- Employment must have commenced after 1 January 2022 and remuneration must exceed €55.000 in the first or second year following commencement.
- Granted for 17 tax years, or until the provision is repealed, from the year of commencement of first employment.
- Individuals whose employment began before 1 January 2022 may also qualify, in any year in which remuneration exceeds €55.000, if they had continuous employment in Cyprus from commencement to 2021 and: had benefited from the previous 50% exemption; or first started work in Cyprus in 2016–2021 on more than €55.000; or started in 2016–2021 on less and exceeded €55.000 within six months of 26 July 2022.
- For employments beginning between 1 January 2022 and 29 June 2023, a 10-year prior non-residence period applies instead of 15 years, with certain other differences.

25% exemption (Article 8(21B)) — capped at €25.000 a year

- Applies to employment income or business profits where the activity in Cyprus begins between 2025 and 2030 and annual income exceeds €30.000.
- The individual must be Cyprus tax resident; must not have been Cyprus tax resident in the 7 preceding tax years; must have been Cyprus tax resident at some earlier point; and must have worked full-time outside Cyprus for a non-resident employer for at least 36 months within the previous 84 months (holders of a recognised university degree) or for the full 84 months.
- Granted for the year of commencement and the following 6 tax years, once in a lifetime, in each year in which income exceeds €30.000.
- Not available to individuals granted the 50% exemption.

20% exemption (Article 8(21A)) — capped at €8.550 a year

- Applies to first employment in Cyprus commencing after 26 July 2022 and up to and including 2027, by a person employed outside Cyprus by a non-resident employer for at least 3 consecutive years beforehand.
- Granted for 7 tax years following the year of employment.
- Not available to individuals granted the 50% or the 25% exemption.

Other exemptions available to individuals

Income	Exemption
Salaried services performed outside Cyprus for more than 90 days a year for a non-resident employer or a foreign PE of a Cyprus employer	100%
Dividends and interest (subject instead to SDC — see 1.7)	100%
Profit on the sale of securities	100%
Lump sum on retirement, commutation of a pension, gratuity on death, or compensation for death or injury	100%
Capital sums from life policies, provident funds, medical schemes and approved pensions (Cyprus or EU)	100%
Income from a scholarship or educational endowment	100%
Foreign exchange gains, unless from trading in currencies or derivatives	100%
Profits of a foreign permanent establishment, under conditions	100%
Profits from production of films and audiovisual programmes	Lower of 35% of eligible spend and 50% of taxable income
Emoluments of foreign diplomatic and consular representatives who are not Cyprus citizens, and of foreign officers of educational, cultural or scientific institutions	100%

APPENDIX C — DEDUCTIONS AND FAMILY INCOME CRITERIA

Family income thresholds

Household	Family income threshold (€)
No children	100.000
Up to 2 children (at 31 December of the tax year)	100.000
3 or 4 children	150.000
5 or more children	200.000
Single-parent families	Same thresholds, by number of children
Single persons	40.000

Deductions available where the thresholds are met — and only where the return is filed on time

Deduction	Amount
Per child, for each parent — doubled for single-parent families and where one parent has full custody	€1.000 for the 1st child, €1.250 for the 2nd, €1.500 for the 3rd and each further child
Interest on a performing loan for the purchase or construction of a main residence in Cyprus, or rent of a main residence	Up to €2.000 for each spouse, common-law partner or single person
Capital expenditure improving the energy efficiency of a main residence in Cyprus	Up to €1.000 each
Capital expenditure on technical energy-efficiency systems, renewable energy systems and electricity storage batteries for the main residence	Up to €1.000 each
Capital expenditure on electric vehicles registered with the Department of Road Transport	Up to €1.000 each
Premiums to insure a residence against natural disasters	Up to €500

Contribution and insurance deductions — the 1/5 restriction

- Social insurance contributions, GHS contributions, contributions to approved provident, pension and medical funds, life insurance premiums and premiums for permanent or partial incapacity are deductible together up to one fifth of chargeable income before these allowances.
- Within that overall cap: provident and pension fund contributions may not exceed 10% of remuneration; medical fund contributions may not exceed 2% of taxable income; life insurance premiums may not exceed 7% of the sum insured.
- A life policy must be on the life of the taxpayer. Relief for a spouse's policy survives only for policies effected before 1 January 2003.
- If a life policy is cancelled within six years of issue, part of the premiums previously allowed becomes taxable: 30% if cancelled within three years, 20% if cancelled in years four to six.
- On a partial surrender, 50% of the amount exceeding the policy's gross surrender value at 31 December four years before the year of surrender is added to taxable income. The surrender value is taken as nil for policies under four years old and is reduced by the excess of partial surrenders in the previous three years over premiums paid in those years.

APPENDIX D — CAPITAL ALLOWANCES AND TONNAGE TAX RATES

Annual wear and tear allowances

Asset	% a year
Plant, machinery and equipment	
Plant and machinery	10
Furniture and fittings	10
Industrial carpets	10
Boreholes	10
Televisions and videos	10
Wind power generators; photovoltaic systems	10
Machinery, equipment and livestock used in agriculture or animal husbandry	15 (25 for machinery and facilities other than irrigation)
Tools in general	33 1/3
Videotapes owned by video clubs	50
Buildings	
Commercial buildings; flats	3
Industrial, agricultural and hotel buildings	4 (7 for additions in 2012–2018, and for agricultural/livestock buildings in 2017–2018)
Metallic greenhouse structures	10
Wooden greenhouse structures	33 1/3
Vehicles and transport	
Commercial motor vehicles; motorcycles	20
Armoured vehicles used by security services	20
Specialised machinery for laying railroads	20
Excavators, tractors, bulldozers, self-propelled loaders, drums for petrol companies	25
New cargo vessels; new aeroplanes; new helicopters	8
New passenger vessels; motor yachts; steamers, tugs and fishing boats	6
Sailing vessels	4,5
Ship motor launches	12,5
Second-hand cargo and passenger vessels	Over their useful life, per Shipping Registry certificates
Technology and intangibles	

Asset	% a year
Computer hardware and operating systems	20
Application software	33 1/3 (100% if the cost is below €1.709)
Intangible assets other than goodwill	Over useful life, maximum 20 years
Green assets (expenditure in 2023–2030)	
Energy-efficiency improvements to buildings	7
Technical energy systems, renewable energy systems, electricity storage batteries	20
Electric vehicles and charging stations	33 1/3

Rates for buildings are those for new buildings; second-hand buildings are adjusted. Plant and machinery acquired in 2012–2018 attracts 20% unless a higher rate applies. Where an asset is acquired in exchange for new shares, allowances are computed on no more than the fair market value at acquisition.

Tonnage tax rates

Units of net tonnage	Shipowners and charterers (€ per 100 units)	Shipmanagers (€ per 400 units)
0 – 1.000	36,50	36,50
1.001 – 10.000	31,03	31,03
10.001 – 25.000	20,08	20,08
25.001 – 40.000	12,78	12,78
Over 40.000	7,30	7,30

Residual tonnage of less than 100 units is charged proportionally. Rates are reduced by up to 30% for Cyprus and EU/EEA-flagged vessels using environmentally friendly equipment.

APPENDIX E — SPECIAL CONTRIBUTION FOR DEFENCE: 2025 AND 2026 COMPARED

Income	Individuals 2026	Individuals 2025	Companies 2026	Companies 2025
Dividends from Cyprus tax resident companies	5% / 17% (see note 1)	17%	Nil / 17% (note 2)	Nil
Dividends from non-resident companies	5%	17%	Nil / 5% (note 3)	Nil / 17%
Disguised dividend distribution	10%	n/a	Nil	n/a
Deemed dividend distribution	17% on 2024 and 2025 profits only	17%	—	—
Active interest (ordinary business)	17%	Nil (income tax applied)	Nil (corporation tax)	Nil (corporation tax)
Passive interest	17%	17%	Nil (corporation tax)	17%
Interest on qualifying Cyprus/EU government and listed bonds	3%	3%	3% where SDC applies	3%
Interest of pension and provident funds, the Social Insurance Fund and general government entities	—	—	3%	3%
Rental income	Nil	3% on 75% of gross	Nil	3% on 75% of gross

5. 17% applies to dividends out of profits earned up to 31 December 2025 where received by 31 December 2031; 5% otherwise.
6. 17% applies to dividends received in 2026 out of 2024 or 2025 profits, to dividends received in 2027 out of 2025 profits, and to indirect dividends received more than four years after the profit year where received up to 31 December 2031 — unless the recipient company is owned by non-residents or by non-domiciled Cyprus residents.
7. 5% applies only where the participation exemption fails (over 50% investment income and foreign tax below half the Cyprus burden).

Withholding taxes on outbound payments to blacklisted and low-tax jurisdictions

Payment to an associated company in…	Dividends	Interest	Royalties
An EU-blacklisted jurisdiction (BLJ)	17%	17%	10%
A low-tax jurisdiction (LTJ), from 1 January 2026	5%	Non-deductible for the payer	Non-deductible for the payer
Anywhere else	Nil	Nil	Nil (10% if the rights are used in Cyprus)

Low-tax jurisdictions for 2026

Circular 1/2026, issued by the Tax Department on 9 April 2026 under Article 11(17) of the Income Tax Law and Articles 2 and 3(1)(d)(i)(aa) of the Defence Contribution Law, lists eleven low-tax jurisdictions for the 2026 tax year: Anguilla, the Bahamas, Bahrain, Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, the Isle of Man, Jersey, the Turks and Caicos Islands and Vanuatu. A jurisdiction is listed where its nominal corporate tax rate is at least 50% below the Cyprus rate — under 7,5% for 2026. Anguilla and Vanuatu are also on the EU list of non-cooperative jurisdictions, so the blacklist rules apply to payments made to them. The list is reviewed annually, and Guernsey, the Isle of Man and Jersey also appear in the treaty table in Appendix G.

APPENDIX F — VAT QUICK REFERENCE

Item	Position in 2026
Standard rate	19%
Reduced rates	9%, 5% and 3%
Zero rate	0% — exports, international transport, qualifying vessels and specified supplies
Registration threshold — established persons	€15.600 (taxable supplies in 12 months, or expected in 30 days)
Registration threshold — non-established persons	None
Distance sales / electronic services to Cyprus consumers	€10.000 pan-EU
Acquisitions from other member states	€10.251,61 a calendar year
Reverse charge on services from abroad	€15.600 in any 12 months
Intra-community supplies of services	No threshold
Intrastat — arrivals / dispatches for 2026	€380.000 / €75.000
VAT return and payment	Quarterly, by the 10th of the second month after the quarter end, via Tax For All
VIES	Monthly, by the 15th of the following month
Intrastat	Monthly, by the 10th of the following month
Refund claim time limit	Six years from the end of the VAT period
Sale of a building	Taxable if supplied before first occupation (18 months of systematic use) — from 1 September 2026
Non-developed building land	19%
Commercial lease to a taxable person	19%, unless the lessor opts out irrevocably on form TD1220 within 30 days of signature
Residential letting	Exempt
Primary residence	5% on the first 130 m^2 and up to €350.000, subject to the overall 190 m^2 / €475.000 limits

APPENDIX G — DOUBLE TAX TREATY WITHHOLDING TAX RATES

The table shows the maximum withholding tax rates provided in Cyprus treaties on payments received in Cyprus. The rate actually applied may be lower under the domestic law of the payer's country. Where two rates are shown, the lower generally requires a minimum shareholding or a qualifying recipient; the treaty itself must be checked in every case. The numbers in brackets refer to the notes that follow the table.

Country	Dividends % (2)	Interest % (3)	Royalties % (5)
Andorra	0	0	0
Armenia	0/5	0/5	5
Austria	10	0	0
Bahrain	0	0	0
Barbados	0	0	0
Belarus	5/10/15	5	5
Belgium	10/15	0/10	0
Bosnia and Herzegovina (6)	10	10	10
Bulgaria	5/10	0/7 (8)	10
Canada	15	0/15	0/10
China	10	10	10
Croatia (12)	0	0/5	5
Curaçao (12)	Nil	Nil	Nil
Czech Republic	0/5	0	10
Denmark	0/15	0	0
Egypt	5/10	10	10
Estonia	0	0	0
Ethiopia	5	0/5	5
Finland	5/15	0	0
France	10/15	0/10	0/5
Georgia	0	0	0
Germany	5/15	0	0
Greece	25	10	0/5
Guernsey	0	0	0
Hungary	5/15	0/10	0
Iceland	5/10	0	5
India	10	0/10	10

Country	Dividends % (2)	Interest % (3)	Royalties % (5)
Iran	5/10	0/5	6
Ireland	0	0	0/5
Italy	15	10	0
Jersey	0	0	0
Jordan	5/10	0/5	7
Kazakhstan	5/15	0/10	10
Kuwait	0	0	5
Latvia	0/10	0/10 (7)	0/5 (7)
Lebanon	5	0/5	0
Lithuania	0/5	0	5
Luxembourg	0/5	0	0
Malta	0	0/10	10
Mauritius	0	0	0
Moldova	5/10	5	5
Montenegro (6)	10	10	10
Netherlands (12)	0/15 (4)	0	0
Norway	0/15	0	0
Oman (12)	0	0	8
Poland	0/5	0/5	5
Portugal	10	10	10
Qatar	0	0	5
Romania	10	0/10	0/5
Russia	5/15 (9)	0/5/15 (9)	0
San Marino	0	0	0
Saudi Arabia	0/5	0	5/8
Serbia (6)	10	10	10
Seychelles	0	0	5
Singapore	0	0/7/10	10
Slovak Republic (6)	10	0/10	0/5
Slovenia	5	0/5	5
South Africa	5/10	0	0
Spain	0/5	0	0
Sweden	5/15	0/10	0
Switzerland	0/15 (4)	0	0

Country	Dividends % (2)	Interest % (3)	Royalties % (5)
Syria	0/15	0/10	10/15
Thailand	10	0/10/15	5/10/15
Ukraine	5/10 (11)	0/5	5/10
United Arab Emirates	0	0	0
United Kingdom	0/15 (10)	0	0
United States of America	5/15	0/10	0

Cyprus itself does not withhold tax on dividends and interest paid abroad, and withholds on royalties only where the rights are used in Cyprus — except for payments to associated companies in blacklisted or low-tax jurisdictions (see 2.10). Serbia, Montenegro and Bosnia and Herzegovina apply the former Yugoslavia treaty. In August 2023 Russia suspended certain articles of 38 treaties, including the Cyprus treaty; Cyprus continues to honour it.

Notes to the treaty table

1. Cyprus does not withhold tax on dividends or interest paid to non-residents. Royalties on rights used within Cyprus bear 10% (5% on cinematographic films), which a treaty or the EU Interest and Royalties Directive may reduce or remove. Payments to associated companies in blacklisted or low-tax jurisdictions are the exception — see 2.10.
2. Where two or three rates are shown, the lower generally requires a minimum holding in the paying company — most often 10% or 25% of the capital, and in several treaties held for an uninterrupted period of one or two years. The higher rate applies in all other cases, and usually to individuals and partnerships whatever the holding.
3. A nil rate commonly applies to interest paid to the government, the central bank or a public authority of the other state, to interest on deposits with banking institutions, to export credit guarantees, and to interest connected with the sale on credit of industrial, commercial or scientific equipment or of merchandise.
4. Several treaties give a nil or reduced rate where the beneficial owner is a recognised pension fund or a similar institution providing retirement benefits, or an insurance undertaking.
5. Royalty rates often vary by the type of right. Copyright of literary, dramatic, musical or artistic work frequently carries nil or 5%; cinematographic films and television tapes 5%; industrial, commercial or scientific equipment 10%; patents, trademarks, designs, plans, secret formulas and processes up to 15%. Payments of a technical, managerial or consulting nature carry 10% under the India treaty.
6. Serbia, Montenegro and Bosnia and Herzegovina apply the former Yugoslavia treaty, and the Slovak Republic applies the former Czechoslovakia treaty.
7. Latvia: nil applies where the payer is a Latvian company and the beneficial owner is a Cyprus company other than a partnership; otherwise 10% on interest and 5% on royalties.
8. Bulgaria: the treaty rates do not apply where the payment is made to a Cyprus entity by a Bulgarian resident holding, directly or indirectly, at least 25% of that entity, and the Cyprus entity is taxed at less than the usual rate.
9. Russia: the 5% rate on dividends requires the beneficial owner to be an insurance undertaking, a pension fund, a listed company with at least 15% of its voting shares in free float holding at least 15% of the payer throughout a 365-day period, or a government body; 15% applies otherwise. Interest is nil for those same owners and for listed government, corporate and Eurobond securities, and 15% in all other cases.
10. United Kingdom: 15% applies to dividends paid out of income derived directly or indirectly from immovable property by an investment vehicle that distributes most of its income annually and is exempt on that income, unless the beneficial owner is a Cyprus pension scheme; nil in all other cases.
11. Ukraine: the 5% rate on dividends requires a holding of at least 20% of the capital and an investment of at least €100.000 in shares or other rights of the paying company; 10% applies otherwise.
12. Recent treaties take effect as follows: Croatia and the Netherlands from 1 January 2024, Oman from 1 January 2026, and Curaçao from 1 January 2027.
13. The table gives the maximum rates the treaties allow. The rate actually applied may be lower under the domestic law of the paying country, and every case turns on the text of the particular treaty, on beneficial ownership and, where relevant, on the Multilateral Instrument. Please take advice before relying on a rate.

APPENDIX H — TAX CALENDAR

Deadlines are those known at the date of this guide. They are regularly extended by decree or Tax Department announcement, particularly during the transition to the new filing calendar — please confirm before relying on a date.

Recurring obligations

When	What
End of each month	PAYE deducted from salaries in the preceding month; SDC and GHS withheld on dividends and interest paid to Cyprus residents in the preceding month; tax withheld on payments to non-residents; monthly payroll return (TD7 monthly) through Tax For All
By the end of the following month	Social insurance and GHS contributions on employee emoluments (SISnet); SDC and GHS on interest paid by financial institutions
10th of the second month after each VAT quarter	VAT return and payment (VAT 4)
10th of the following month	Intrastat forms 1.1 and 1.2
15th of the following month	VIES recapitulative statement
Within 30 days	DAC6 disclosure after a trigger event; payment of capital gains tax and of the 0,4% levy to the Central Agency
Within 60 days	Registration with the Tax Department after incorporation; notification of changes in company details; submission of transfer pricing documentation on request
Four months from the transaction	Books and records to be updated
At each financial year end	Stocktaking where the business holds inventory; CbC notification

Key dates in 2026

Date	Obligation
31 January	Declaration of deemed dividend distribution (TD623) for the year ended 31 December 2023
28 February	Tonnage tax declaration and payment by qualifying charterers, managers and owners of foreign-flagged vessels for the previous year
31 March	Tonnage tax declaration on entry to the system by owners of Cyprus-flag vessels, and payment for the current year; outstanding monthly payroll submissions
30 April	Company income tax return (TD4) for 2023 and the income tax return of individuals preparing audited accounts for 2023 (as extended)
30 June	GHS on rents for the first half-year; deadline for a non-domicile lump-sum election for periods beginning 1 January 2026; Pillar Two notification for financial year 2024 (groups within scope)
31 July	2026 provisional tax return and first instalment
1 August	Final 2025 corporation tax and 2025 personal income tax under self-assessment for persons preparing audited accounts
1 September	New VAT rules on the supply of buildings and on first occupation take effect
30 September	Annual Employer’s Return (TD7) for 2025 (as extended)

Date	Obligation
31 October	2025 personal income tax return and payment for employees, pensioners and other individuals not preparing audited accounts
30 November	Company income tax return (TD4) for 2024 and the income tax return of individuals preparing audited accounts for 2024 (as extended)
31 December	Second and final provisional tax instalment for 2026; revision of the 2026 provisional assessment; deemed dividend distribution on 2024 profits; GHS on rents for the second half-year

Looking ahead

Date	Obligation
31 March 2027	Annual Employer's Return (TD7) for 2026 under the new statutory deadline
31 December 2027	Deemed dividend distribution on 2025 profits — the final DDD charge
31 January 2028	Income tax return and final tax payment for 2026 by companies and by individuals preparing audited accounts
31 December 2031	End of the transitional 17% SDC rate on dividends out of pre-2026 profits

APPENDIX I — INTEREST AND PENALTIES

Official interest rate on overdue tax

Period	Rate %	Period	Rate %
From 1 January 2026	3,5	2015 – 2016	4,0
2025	5,5	2014	4,5
2024	5,0	2013	4,75
2023	2,25	2011 – 2012	5,0
2020 – 2022	1,75	2010	5,35
2019	2,0	2007 – 2009	8,0
2017 – 2018	3,5	Up to 2006	9,0

Interest is computed on completed months. In addition to interest, a flat 5% penalty applies to late payment, with a further 5% where tax remains unpaid two months after the deadline.

Administrative fines for late filing and non-compliance

Breach	Individuals (€)	Companies with turnover or assets up to €1m (€)	Companies above €1m (€)
Failure to meet a deadline set by law — late submission	150	250	500
Failure to meet a deadline set by law, after a formal notice of at least 60 days	300	500	1.000
Failure to perform a duty for which no deadline is set, after a formal notice	200	500	1.000
Failure concerning information or duties relating to another person, after a formal notice	200	500	1.000

Taxpayers who file within a publicly announced extended deadline and pay the tax due on filing are not charged these fines.

Other penalties

Matter	Penalty
Failure to submit a return	On conviction, a fine of up to €20 a day while the failure continues, or imprisonment up to 12 months, or both
Omitting an item of income from a return	On conviction, up to €5.000 plus the tax due, plus twice the difference in tax
Provisional tax underestimated by more than 25%	10% of the difference in tax
Transfer pricing — Summary Information Table	€500 for late or non-submission
Transfer pricing — documentation file after a request	€5.000 (61–90 days), €10.000 (91–120 days), €20.000 (beyond 120 days or not submitted)
DAC6 disclosures	€1.000 – €20.000 per arrangement, annual cap €120.000; a 50% reduction is possible under conditions
Country-by-country reporting	Up to €10.000 (failure to file), €5.000 (notification), €1.500 (records), €500 (information), €20.000 (continuing infractions)
Tonnage tax paid late	10% surcharge for each year of delay until settlement
Defence contribution offences	Fines of up to €5.000, rising to €10.000 or imprisonment for repeat offences, plus the unpaid amount
Operating during a suspension order or tampering with seals	Up to 2 years imprisonment and a fine of up to €30.000

APPENDIX J — TERMS USED IN THIS GUIDE

Term	What it means
Tax resident (individual)	A person spending more than 183 days in Cyprus in the calendar year, or meeting the 60-day rule (1.1). Residents are taxed on worldwide income
Domiciled	For defence contribution purposes only: a person with a Cyprus domicile of origin, or who has been Cyprus tax resident for 17 of the last 20 years. Non-domiciled residents pay no SDC
Tax resident (company)	A company managed and controlled in Cyprus, or (from 2026) incorporated in Cyprus unless a treaty says otherwise
Permanent establishment (PE)	A fixed place of business through which a business is wholly or partly carried on — a place of management, branch, office, factory, workshop, mine, oil or gas well or quarry — including exploration and exploitation within Cyprus territorial waters, the contiguous zone, the exclusive economic zone and the continental shelf
Securities	Shares, bonds, debentures, founders' shares and other securities of companies, wherever incorporated, and options on them. Circulars extend this to short positions, futures and forwards, swaps, depositary receipts, rights of claim on bonds, index participations representing securities, repos, and units in collective investment schemes. Promissory notes and bills of exchange are not securities
SDC	Special Contribution for Defence — a separate tax on dividends and interest, applying to companies and to Cyprus resident and domiciled individuals
DDD	Deemed dividend distribution — the rule treating 70% of undistributed profits as paid out after two years. Abolished for profits from 2026
Disguised dividend	Private use of a company asset by an individual shareholder or a relative, or a transfer of a company asset to them below market value — taxed at 10% SDC from 2026
BLJ	Blacklisted jurisdiction — a jurisdiction on Annex I of the EU list of non-cooperative jurisdictions for tax purposes
LTJ	Low-tax jurisdiction — nominal corporate tax rate at least 50% below the Cyprus rate (below 7,5% for 2026). The list is published annually by the Tax Department
Associated company	Broadly, a 50% direct or indirect relationship in capital, profits or voting rights — the test for the BLJ and LTJ measures
NID	Notional interest deduction — a deemed interest deduction on new equity, capped at 80% of the related taxable profit
IP box	The regime giving an 80% deduction on qualifying profits from qualifying intangible assets, computed on the modified nexus fraction
First occupation	For VAT on buildings from 1 September 2026: the first use of a building after delivery or construction, carried on systematically for at least 18 months
Tax For All (TFA)	The Tax Department's online platform for registrations, returns and payments
Ariadni	The government gateway portal used for DAC6 and country-by-country filings

HOW WE CAN HELP

PHILIPPOU AUDITORS LTD (see our webpage www.philippouauditors.com) is a boutique audit firm member of the Institute of Chartered Accountants of England and Wales (ICAEW) and of the Cyprus Institute of Certified Public Accountants. The firm was founded by Andreas Philippou , who was a partner with KPMG in the Middle East the previous decade and is currently the Chief Executive Officer of the firm and the Head of Audit. The firm's Chairman is Theodoros Philippou, who was the Managing partner of PwC Cyprus for three decades. Theodoros is mainly involved in tax and legal matters.

PHILIPPOU AUDITORS LTD has been set up with the objective to provide an "one-stop shop" for all the needs of businesses, including:

- Assisting for the incorporation of Cyprus companies
- Provision of corporate support services (including assistance for the opening of Cyprus bank accounts)
- Accounting and bookkeeping
- Preparation of IFRS financial statements
- Statutory audits of IFRS financial statements based on International Standards on Auditing
- Tax compliance services - corporate and personal income tax, VAT, and VIES
- Tax advisory — reviewing and advising on corporate tax matters.
- Payroll services

Get your answers faster

Our guide gives you the foundations, but every situation is different. You may contact us complimentary anytime to get clear, tailored answers to your questions. We would be happy to help:

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This publication provides general guidance on the Cyprus tax system based on the legislation, circulars and regulatory administrative acts in force at September 2026. It does not constitute professional advice, and no responsibility can be accepted for any loss occasioned by acting or refraining from acting on the basis of its contents. Tax legislation and its interpretation continue to develop, and several 2026 measures are subject to further guidance from the Tax Department. Readers should take specific advice on their own circumstances.

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