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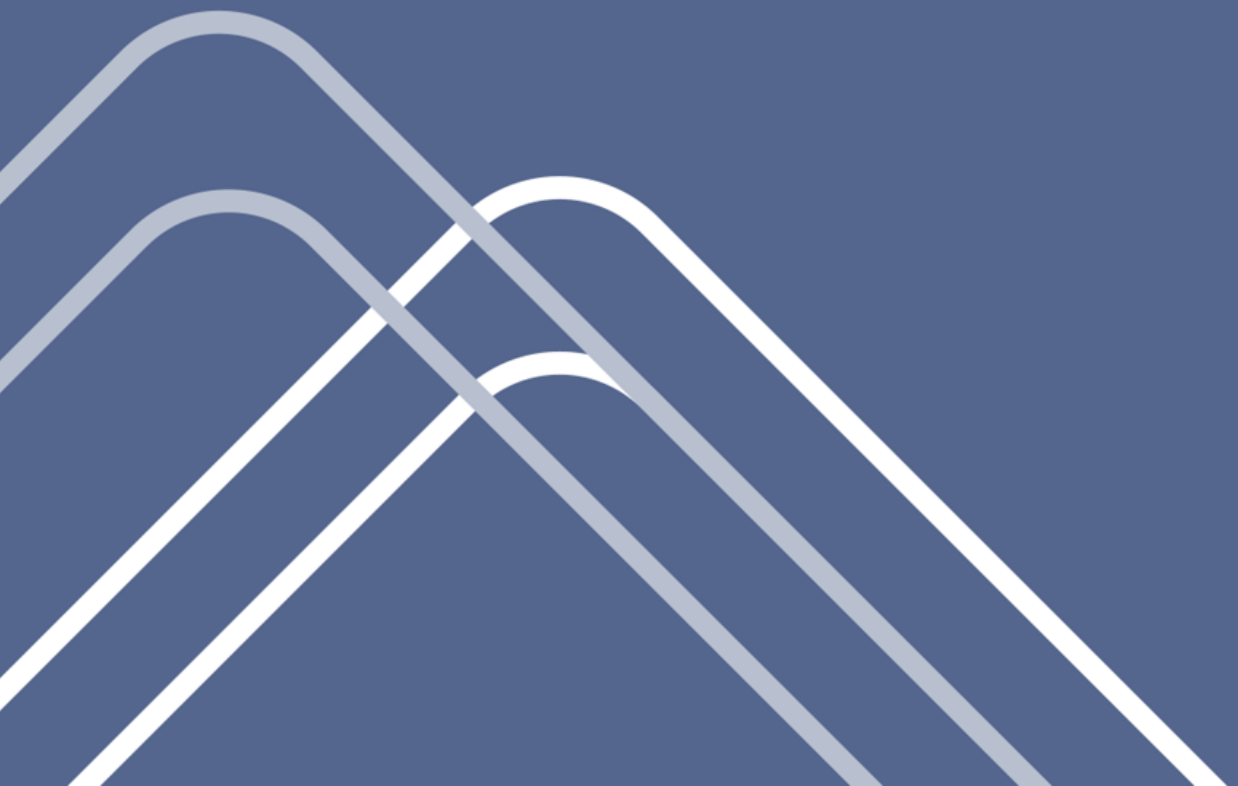
DOING BUSINESS IN
CYPRUS

Contents

Introduction	1
Business Environment	2
Foreign investment	7
Setting up a business	10
Labour	14
Taxation	17
Accounting and reporting	46
UHY in Cyprus	51



INTRODUCTION

UHY is an international organisation providing accountancy, business management and consultancy services through financial business centres in nearly 100 countries throughout the world.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This detailed report providing key issues and information for investors considering business operations in Cyprus has been provided by the office of UHY representatives:

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Information in the following pages has been updated so that they are effective at the date shown, but inevitably they are both general and subject to change and should be used for guidance only. For specific matters, investors are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at March 2026.

We look forward to helping you do business in Cyprus.

BUSINESS ENVIRONMENT

BACKGROUND

Cyprus is a small country at the meeting point of the three old continents, Europe, Asia and Africa. Importance as a business hub arises mainly from its strategic location, being the easternmost end of the European Union, close to the Middle East and North Africa, as well as from its potential for beneficial tax planning for international business and high net worth individuals.

This is due to a combination of factors, including:

- The user-friendliness and practically zero-tax status of the Cyprus Holding Company (see further below the summary of advantages)
- Advantageous tax regime for Non Domiciled Tax Resident Individuals (see further below)
- Membership of the EU and of the Eurozone
- Wide network of Treaties for the Avoidance of Double Taxation, including some with large countries which have comparatively beneficial provisions
- Absence of withholding taxes on dividends, interest or royalties paid from Cyprus
- One of the lowest corporate income tax rates in the EU at 15%
- Exemption from tax of many types of income, including:
    - gains on disposal of shares and other securities,
    - capital gains,
    - for non-domiciled individuals, dividend and interest.
- Tax incentives introduced, including:
    - the special mode of taxation of income arising from IP rights;
    - the deductibility of interest on loans to acquire 100% subsidiaries
    - notional interest deduction for investments into Cyprus companies

Cyprus operates a transparent and EU-compliant tax system aligned with OECD and EU standards. It has strict rules in relation to accounting, audit and tax compliance and is implementing rigorous anti-money laundering measures. International business prepared to accept and comply with these requirements may derive significant benefits in terms of overall reduction of the tax burden.

Here's a summary of the most important tax advantages of a Cyprus holding company:

- Income from dividends is tax-free
- Gains on the sale of shares are tax-free.
- Proceeds from the liquidation of subsidiaries abroad are tax-free
- Capital gains on disposals of capital assets are generally exempt (subject to conditions, particularly Cyprus immovable property).
- Profits from activities of a Permanent Establishment abroad are tax-free.
- Lower withholding tax rates in other countries on remittances of income from dividends, royalties or interest due to wider applicability of Treaties for the Avoidance of Double Taxation.
- Tax-free distributions by Cyprus Holding Companies to their non-resident or non-domiciled resident shareholders

And here's a brief outline of benefits available to Non-Domiciled Tax Resident Individuals:

- No tax on gains arising from the disposal of investments (shares, bonds, etc)
- No withholding tax on the repatriation of income as dividends, interest and royalties
- Extensive double tax treaty network
- Income tax exemptions for taking up employment in Cyprus up to fifty percent of the remuneration for 10 years for employment income of more than €100,000 per annum
- Low social insurance contributions
- No tax on worldwide dividend and interest income for non-domiciled individuals for 17 years
- No tax on retirement gratuity and special tax regime on foreign pension income
- No estate duty, wealth tax, gift tax or inheritance tax

POPULATION

Cyprus' population is estimated at approximately 1.2 million. Nicosia, with an estimated population of approximately 300,000, is the capital city and situated in the middle of the island. All other major cities are on the coast, and all are popular holiday resorts, as well as business centres.

GEOGRAPHY

Cyprus is situated in the eastern Mediterranean, lying at the hub of three continents and close to the busy trade routes linking Europe with the Arab World and the Far East.

Cyprus' total area is 9,251km^2, making it the third-largest island in the Mediterranean, after Sicily and Sardinia. The island enjoys an excellent climate with about 300 days of sunshine per year. The temperature varies from 6°C to 13°C in winter to 21°C to 36°C in the summer.

CURRENCY

Cyprus joined the eurozone as of 1 January 2008. There are no exchange controls in Cyprus.

LANGUAGE

The official languages of the Republic are Greek and Turkish, but English is widely spoken and regularly used in many areas of business, especially in tourism and culture. Most people in the country are familiar with English.

MAJOR EXPORTS

Cyprus mostly exports citrus fruits, cement, potatoes, clothing and pharmaceuticals. Cyprus' largest, and most important trading partner is the European Union, which accounts for 50% of all Cypriot trade flows, followed by the Middle East, destination for 20% of exports from Cyprus.

MAJOR IMPORTS

The top imports of Cyprus are Refined Petroleum ($2.33B), Passenger and Cargo Ships ($1.61B), Cars ($843M), Packaged Medicaments ($444M), and Coal Tar Oil ($433M), importing mostly from Greece ($3.03B), United Kingdom ($1.48B), Italy ($1.11B), Turkey ($972M), and Spain ($960M).

EDUCATION – PRIMARY AND SECONDARY

Primary education is free and universal.

Most elementary and secondary schools are state-owned and of a high standard. In addition, there are numerous first-class private schools. These schools offer tuition in Greek, English, Russian, French, Italian, Armenian and Arabic and they offer specialised courses leading mainly towards entrance to local, European, British and American universities or to professional qualifications.

TERTIARY EDUCATION

A high proportion of Cypriots have been to university, either in Cyprus or abroad. As a consequence, Cyprus ranks among the leading countries in the world in terms of its proportion of university graduates. Qualified technical, clerical and professional staffs with wide experience and fluency in English and other languages are available for employment.

Higher education in Cyprus is provided at university and non-university level, in public and private institutions of higher education. Overall responsibility for the higher education sector lies with the Ministry of Education and Culture, except for the public non-university level institutions which come under the remit of other ministries.

HEALTH CARE SYSTEM

The General Health System (GHS) [also referred to as the National Health Insurance System (GESY)] was introduced in Cyprus in 2019. GHS is the national healthcare system, financed through a compulsory contribution of employees, employers, self-employed persons, pensioners, and persons earning other types of income and the government.

Currently, the applicable rate of contribution for employers on employees' emoluments is 2.90%.

In addition to the National Health Insurance System, there are also high-quality Private Hospitals and Clinics available on the island.

COMMUNICATIONS

Cyprus has a well-established communications system, based on the latest technology, especially in mobile services, which are accessible in all regions of the island.

BANKING AND FINANCIAL SERVICES

Cyprus, is a well-established European Financial Centre in the Eastern corner of the Mediterranean, connecting Europe to high-growth markets in the Middle East, Asia, and the wider region. The country enjoys a robust and transparent legal system, an attractive tax regime, as well as offers companies easy access to a highly qualified and multilingual talent pool.

Cyprus's financial sector includes domestic and international credit institutions, payment institutions, insurance companies and other financial services companies that offer a range of services such as retail and corporate banking, private banking, asset management, investment banking, loans, custodian services, hedging services and a variety of other services.

As a EU Member State, Cyprus benefits from the harmonization of EU financial services regulations, offering high quality cost-effective solutions to the financial services industry. Cyprus has been a member of the EU Single Supervisory Mechanism since late 2014. It has enacted all necessary legislation to harmonize banking and finance domestic law with applicable EU directives and regulations. This includes the 5th Anti Money Laundering Directive (5AMLD).

Cyprus is reputable for its high quality banking and advanced financial services.

Authorized & regulated providers:
Service providers and bank institutions are subject to supervision. These entities must be authorized providers in different aspects under regulatory authorities that will supervise and monitor the entities' activities and make sure that they act in the best interest of their clients at all times and comply with the legislation.
The following regulatory authorities are involved in the monitoring of banking and financial institutions in Cyprus:

- The Central Bank of Cyprus
- The Cyprus Securities and Exchange Commission
- The Co-operative Credit Societies' Supervision and Development Authority
- The Commissioner of Insurance Companies (Ministry of Finance)

TRANSPORTATION LINKS

A wide network of air-routes connects Cyprus with Europe, Africa and Asia.

The island has two busy international airports, in Larnaca and Paphos, handling a large number of scheduled flights and served by many international and chartered airlines. Cyprus is an established international transit station for commercial air transportation with excellent connections within the entire region. Seaborne traffic is served by a fully renewed port system comprising the multi-purpose ports of Limassol and Larnaca, the industrial port of Vassiliko, and the three specialised oil terminals of Larnaca, Dhekelia and Moni.

A large number of shipping lines include Cyprus in their regular schedules to and from five continents, ensuring that thousands of ships call at Cypriot ports each year.

LAND AND BUILDING

Citizens of the country as well as overseas nationals can buy property in Cyprus for investment.

Villas in Cyprus are worth buying in a location of a well-developed neighbourhood, where the necessary utility lines run along the border of the plot, and there are shops, schools, and other infrastructure facilities nearby. Land in Cyprus for construction of a rental property, is best in areas close to beaches, restaurants, shops, and attractions in resort cities such as Limassol, Larnaca, and Paphos.

HOLIDAYS IN CYPRUS

For Annual Holidays with Pay Law, an employer-sponsored Central Holiday Fund was established out of which employees obtain their holiday entitlement. All employees with at least 50 weeks' service are entitled to a minimum of 20 working days of paid holidays.

Employers have to contribute 8% of the employee's salary to this fund. They may, however, apply for exemption from having to contribute to the fund provided they offer better conditions to their employees.

There is no statutory minimum duration for paid sick leave. Benefits are primarily provided through the Social Insurance Scheme.

FOREIGN INVESTMENT

Foreign Direct Investment (FDI) Policy

The Government of Cyprus has adopted a liberal and business-friendly Foreign Direct Investment (FDI) policy, applicable to both EU nationals and investors from third countries across the majority of sectors of the economy.

Cyprus offers a stable and attractive environment for foreign investors seeking to establish or expand their business operations. Foreign investors may participate in almost all sectors with equity participation of up to 100% in Cypriot companies, without any statutory minimum capital requirement.

Restrictions relating to minimum investment levels and foreign participation have been largely abolished. As a result, foreign investors may freely establish new companies or acquire shares in existing Cypriot entities. A limited number of sectors remain subject to specific regulatory requirements, including banking, defence, media (radio, television, press), and certain aspects of real estate.

Administrative procedures have been progressively simplified, with ongoing efforts to streamline processes and reduce bureaucratic barriers, thereby enhancing the overall investment climate. Foreign investors are therefore generally able to operate on equal terms with local investors.

At an EU level, Cyprus participates in the framework established under Regulation (EU) 2019/452 on the screening of foreign direct investments. While Cyprus has traditionally not operated a comprehensive standalone FDI screening regime, legislative developments are underway to introduce a formal national screening mechanism, expected to be administered by the Ministry of Finance. This framework is intended to align Cyprus with EU practices, particularly in relation to investments affecting security, public order, and strategic sectors. Until full implementation, foreign investments remain primarily subject to sector-specific licensing and regulatory approvals where applicable.

INVEST CYPRUS (National Investment Promotion Authority of Cyprus (NIPAC)

Invest Cyprus (formerly the Cyprus Investment Promotion Agency – CIPA) is the national investment promotion authority, established in 2008 and fully funded by the Government of Cyprus.

Its role is to promote Cyprus as an international business and investment destination and to support investors throughout the investment lifecycle.

Invest Cyprus operates across the following key areas:

1. Promoting Cyprus as an international business and financial centre
2. Supporting investors during the location selection and establishment process
3. Developing international business relationships in target markets
4. Providing facilitation and aftercare services to international businesses
5. Advocating policy reforms and incentives to enhance the investment environment

Further information is available at: **https://www.investcyprus.org.cy/**

Investment Opportunities and Project Bank

Invest Cyprus operates a "one-stop shop" service for investors, including the "Project Bank" – an investment matchmaking platform showcasing high-value projects aligned with national strategic priorities.

These projects span sectors such as healthcare, tourism and hospitality, renewable energy, education, and commercial development. The platform enables both local and international investors to access investment opportunities, including both greenfield and brownfield projects.

Key Advantages of Investing in Cyprus

Cyprus offers a number of strategic and commercial advantages, including:

- Strategic location providing access to the EU market of over 500 million consumers, with proximity to the Middle East and North Africa (MENA) region
- Business-friendly immigration policies, including fast-track procedures for non-EU professionals
- Access to a highly skilled, multilingual and well-educated workforce
- Competitive corporate tax regime, including an effective IP regime with tax rates as low as 2.5%
- Legal system based on English common law principles
- EU-aligned regulatory and legal framework
- Competitive cost base for high-quality professional services
- High standard of living in a safe and stable environment
- Attractive personal tax incentives for expatriates and new tax residents

Investment Funds

Cyprus has developed into a recognised investment fund jurisdiction within the EU, supported by its early adoption of the Alternative Investment Fund Managers Directive (AIFMD) and the introduction of a comprehensive legislative framework governing alternative investment funds.

As an EU Member State, Cyprus offers fund managers access to EU passporting rights, allowing the marketing and management of funds across the European Union, subject to regulatory approval by the Cyprus Securities and Exchange Commission (CySEC).

Key Benefits of Cyprus Investment Funds Sector:

- Access to European and Middle Eastern markets
- EU passporting rights for fund management and marketing
- Relatively low setup and operating costs
- Efficient regulatory processes and reduced administrative burden
- Flexible structuring options and investment strategies
- No prescribed investment or geographic diversification restrictions (subject to fund type)
- Business-friendly legal and regulatory environment
- Strong corporate governance framework

There are two main fund regimes in Cyprus:

(a) Alternative Investment Funds (AIF)
- AIFs with Limited Number of Persons (AIFLNPs)
- AIFs with Unlimited Number of Persons and Registered AIFs (RAIFs)

(b) Undertakings for Collective Investment in transferable Securities (UCITS)

Authorisation from CySEC is generally required for fund establishment, with the exception of Registered AIFs (RAIFs), which operate under a registration regime.

Registered AIFs (RAIFs) – Key Features:

- No prior licensing requirement
- No minimum capital requirement
- No investment restrictions
- Possibility of multiple investment compartments
- Ability to operate as open-ended or closed-ended funds
- Units may be listed on a recognised exchange
- Requirement to appoint a local depositary
- Available only to well-informed and/or professional investors

RAIFs are particularly attractive due to their fast-track setup, typically achieved within approximately 30 days, making them a cost-effective and flexible fund structuring option.

REAL ESTATE

EU nationals are entitled to acquire immovable property in Cyprus without restrictions. Non-EU nationals may also acquire property, subject to obtaining approval from the Council of Ministers, which is generally granted as a matter of course in standard cases.

SETTING UP A BUSINESS

TYPES OF BUSINESS ENTITIES IN CYPRUS

Establishing a business in Cyprus is generally a straightforward and efficient process.
Business entities in Cyprus may operate under the following forms:

- Sole proprietorship or partnership
- Limited liability company
- Branch of a foreign company
- European Public Limited Company (Societas Europaea – "SE")

It is also possible for foreign companies to re-domicile to Cyprus, and vice versa. This allows companies to transfer their seat between jurisdictions without the need for liquidation or the transfer of assets to a newly incorporated entity

TYPES OF PARTNERSHIP

In Cyprus, partnerships are governed by the Partnership and Business Names Law, Cap. 116, which regulates their formation, operation, and dissolution.

Cyprus recognises three main types of partnerships:

1. General Partnership

- All partners are jointly and severally liable for the debts and obligations of the partnership
- The partnership does not have a separate legal personality
- Registration with the Registrar of Companies and Official Receiver is required

2. Limited Partnership

- Consists of at least one general partner (unlimited liability) and one or more limited partners (liable up to their capital contribution)
- Limited partners may not participate in management, otherwise they risk losing their limited liability status
- Registration with the Registrar of Companies is required

3. Limited Liability Partnership (LLP)

- Provides limited liability protection to partners
- Commonly used for professional services (e.g. law firms, accounting firms)
- Treated as a separate legal entity

TYPES OF COMPANIES

Companies in Cyprus are primarily governed by the Companies Law, Cap. 113. The most common types include:

1. Private Companies
The most widely used business structure in Cyprus.

a) Private Limited Liability Company (Ltd)

- Shareholders' liability is limited to their share capital
- Requires at least one shareholder (maximum 50)
- Shares cannot be offered to the public
- Commonly used for both local and international business structures

b) Exempt Private Company

- A private company where all directors are also shareholders
- May be exempt from filing audited financial statements under certain conditions

2. Public Limited Liability Company (PLC)

- Shares may be offered to the public and listed on the Cyprus Stock Exchange
- Minimum share capital of €25,629
- Requires at least seven shareholders
- Subject to more stringent regulatory and reporting requirements

3. Companies Limited by Guarantee

- Typically used for non-profit organisations or charities
- Members guarantee a specified amount in the event of liquidation
- May be established with or without share capital

4. Branch of a Foreign Company

- Foreign companies may establish a branch in Cyprus, subject to registration
- The foreign entity remains fully liable for the branch's obligations
- Subject to Cyprus taxation if carrying on business in Cyprus

COMPANY CAPITAL

The Cyprus Companies Law sets out the framework for company capital:

1. Share Capital

- Authorised share capital: the maximum capital a company may issue
- Issued share capital: the portion allocated to shareholders
- Paid-up capital: the portion paid by shareholders

2. Minimum Capital Requirements

- Private companies: no statutory minimum
- Public companies: minimum €25,629

3. Alteration of Share Capital

Companies may increase, reduce, or restructure share capital:

- Increase: requires shareholder resolution and filing with the Registrar
- Reduction: requires shareholder resolution and court approval
- Restructuring: may include consolidation, division, or conversion of shares

4. Issuance of Shares

- May be issued at par or premium
- Can be issued for cash or non-cash consideration
- Must comply with the Articles of Association and applicable law

5. Payment for Shares

- Shares may be fully, partly, or unpaid
- Calls must follow procedures in the Articles

6. Allotment of Shares

- Pre-emption rights must be respected unless waived
- Allotments must be filed with the Registrar within one month

7. Share Transfers and Restrictions

- Private companies typically restrict transfers
- Public companies' shares are generally freely transferable

8. Capital Maintenance and Financial Assistance

- Capital may only be returned where legally permitted
- Financial assistance rules apply, subject to statutory exceptions

REGISTRATION PROCEDURE OF A LIMITED LIABILITY COMPANY

The incorporation process is relatively straightforward and includes:

1. Approval of Name

The proposed company name must be approved by the Registrar of Companies.

2. Memorandum and Articles of Association

These must be prepared and filed with the Registrar. Care should be taken to ensure that the objects clause reflects the intended business activities.

3. Share Capital

There is no statutory minimum capital requirement. Indicative levels may apply depending on the nature of the investment.

4. Shareholders

At least one shareholder is required. The following details must be submitted to the Registrar:

- Full name and nationality
- Address and occupation
- Number of shares held

Following the implementation of the Ultimate Beneficial Owner (UBO) Register, individuals holding or controlling more than 25% must be disclosed. Access to this register is restricted to competent authorities and supervisory bodies.

5. Directors

The appointment and powers of directors are governed by the Articles of Association. Director details must be filed with the Registrar and are publicly available.

6. Company Secretary

Every company must appoint a company secretary, who may be an individual or a corporate entity.

7. Registered Office

A registered office in Cyprus is required at all times.

LABOUR

Employees working in Cyprus are protected by the national labour legislation, which determines and safeguards the minimum terms of employment, whilst providing for several other rights and obligations for both employees and employers.

Some of the key aspects of employee rights governed by this law, which aligns with the EU labour regulations (aka "Acquis Communautaire") and the International Labor Organisation Standards, include:

(a) National minimum wage

The national minimum wage is determined by the Minimum Wage Orders of 2022 and 2025. As from January 1, 2026, the national minimum wage for starting salaries of full-time employees is €1,088 gross per month.

(b) Holiday

Employees are entitled to a minimum of 20 days of annual leave.

(c) Working hours

The typical working hours are 40 hours per week but different agreements may be in place between employer and employee.

(d) Illness and injury leave

There is no legislation yet in relation to sick leave entitlement or other leave of absence. The duration of sick leave and whether it is remunerated, is a matter of agreement between the employer and the employee either through collective agreement or personal contract or based on practice of the company.

(e) Equal pay

The Law provides for equal pay between men and women for the same work or work of equal value.

(f) Discrimination

All employees are protected against discrimination for age, race, disability, pregnancy, religion, sex and other.

(g) Protection against dismissal

Every employee in Cyprus is protected against unfair dismissal. If this happens then the employee may be entitled to compensation which is calculated in accordance with the provisions of the relevant law.

(h) Maternity and paternity leave

As from 1 March 2024, the maternity leave has been extended to 22 consecutive weeks for the first/second child and 26 weeks for subsequent children.
Fathers are entitled to 2 consecutive weeks of paid paternity leave which can be taken within 16 weeks of the child's birth or adoption.

(i) Notice period

Under the Termination of Employment law, the notice period depends on the length of service.
Notice given by the employer must be in writing and can vary between 1 week to 8 weeks.
Notice given to the employer can vary between 1 week to 3 weeks, unless otherwise agreed with the employer.

(j) Retirement and pension

An employee can retire and receive an old-age pension from the age of 65, provided that the employee has paid sufficient social insurance contributions.

VISAS AND WORK AND RESIDENCE PERMITS

EU and EEA nationals right to reside and work in Cyprus
Nationals from the EU and EEA, with their family members and their dependants, have the right to move and reside freely in Cyprus, without the need to obtain a permission to enter or work in Cyprus. However, they must make an application to obtain a registration certificate prior to any employment in Cyprus.

Non-EU nationals right to reside and work in Cyprus
Third country nationals must meet specific entry requirements, depending on their nationality and purpose of visit. Third-country nationals not on the visa-exempt list must obtain a visa before entering Cyprus and for stays exceeding 90 days, they must apply for a residence permit.

SOCIAL INSURANCE

All employees and self-employed individuals in Cyprus are compulsorily insured under the Social Insurance Scheme. Contributions are compulsory.

Contributions	2026	2025	2024
Employer	8.8%	8.8%	8.8%
Employee	8.8%	8.8%	8.8%

As from 1 January 2024, and for the next five years, the employer's and employee's contribution to Social insurance was increased to 8.8% of the employee's salary, restricted to a maximum amount of salary.
Thereafter the rate will increase every five years until it reaches 10.3-10.7% as from 1 January 2039 (depending on the results of the actuarial studies to be performed).

The rate of Social Insurance contributions is applied to a maximum level of emoluments. The maximum emoluments for 2026 are €68,904 (weekly €1,325/monthly €5,742). For year 2025, the levels were €66,612 (weekly €1,281/monthly €5,551). This contribution is used to pay unemployment and sickness benefits, maternity leave, disability, and old-age pensions.

Other employer's contributions

The employer makes the following other contributions based on employee's emoluments:

	%
Social cohesion fund	2.0*
Redundancy fund	1.2**
Industrial training fund	0.5**
Holiday Fund (if not exempt)	8.0**

* Social cohesion fund is calculated on total emoluments and has no maximum level
** Restricted to the maximum level of emoluments as with the social insurance contributions

GENERAL HEALTH SYSTEM (GHS)

The General Health System (GHS) is the national healthcare system, financed through a compulsory contribution of employees, employers, self-employed persons, pensioners, persons earning other types of income and the government, aiming for an equitable healthcare access in Cyprus.
Contributions relating to the implementation of the GHS started on 1 March 2019, and the current rates are as per the table below:

Ref	**Category**	**Applied on**	**Rate**
(i)	Employees	Own emoluments	2.65%
(ii)	Employers	Employees' emoluments	2.90%
(iii)	Self-employed	Own income	4.00%
(iv)	Pensioners	Pension	2.65%
(v)	Persons earning rental, interest, dividend and other income	Rental, Interest, Dividend Income etc.	2.65%
(vi)	Republic's consolidated fund	Emoluments/Pensions of persons under categories (i), (iii), (iv) and (v)	4.70%
(vii)	Persons holding an office	Officer's Remuneration	2.65%

Important Note: GHS contributions are capped at €180.000 total annual income.

TAXATION

PERSONAL INCOME TAX

All Cyprus tax resident individuals are taxed on their worldwide income. Individuals who are not Cyprus tax residents are taxed only on some specific income from sources in Cyprus.

Tax Residency

183-day rule

An individual is a tax resident in Cyprus if he/she stays in Cyprus for more than a total of 183 days in any calendar year.

60-day rule

An individual may also be considered as a Cyprus tax resident under the "60-day rule".
The "60-day rule" applies to individuals who in the relevant tax year:

1) do not reside in any other single state for a period exceeding 183 days in aggregate, and
2) remain in Cyprus for at least 60 days, and
3) carry on a business in Cyprus or are employed in Cyprus or hold an office for a Cyprus tax resident person, and
4) maintain a permanent home in Cyprus which is either owned or rented.

Non-domiciled tax status

As of 16 July 2015, an individual who is Cyprus tax resident but does not have its domicile of origin in Cyprus, per the Wills and Succession Law, is exempt from Special Defence Contribution (SDC) on dividend income and passive interest income.
Refer to Section Special Defence Contribution for more information.

For the purposes of both the "183-day rule" and the "60-day rule" days in and out of Cyprus are calculated as follows:

- the day of departure from Cyprus counts as a day of residence outside Cyprus
- the day of arrival in Cyprus counts as a day of residence in Cyprus
- arrival and departure from Cyprus in the same day counts as one day of residence in Cyprus
- departure and arrival in Cyprus in the same day counts as one day of residence outside Cyprus

Personal income tax rates

The following income tax rates apply to individuals:

Taxable income	Tax rates	Tax amount	Cumulative tax
€	%	€	€
0-22.000	-	0	0
22.000-32.000	20	2.000	2.000
32.001-42.000	25	2.500	4.500
42.001-72.000	30	9.000	13.500
Over 72.001	35		

Personal income tax rates (continued)

Widow's pension is taxed at the flat rate of 20%, on amounts above €22.000. Foreign pension is taxed at the flat rate of 5%, on amounts above €5.000. The taxpayer can however on an annual basis elect to be taxed at the normal tax rates and bands set out above.

Family income criteria

As of 1 January 2026, the following deductions have been introduced based on family income criteria:

Family	Family income thresholds
No children	€100.000
Up to 2 children*	€100.000
3 or 4 children*	€150.000
5 or more children*	€200.000
Single-parent families	Same family income thresholds as per number of children
Single persons	€40.000

* Number of children as of 31 December of the tax year

Details	Tax Deduction
Deduction for each parent based on the above family income criteria. For single-parent families and in the case of parents where one of the two parents have full custody, the amount of the deduction granted is doubled	€1.000 for the 1st child €2.000 for the 2nd child €1.500 for the 3rd and any additional child
Interest expense paid on performing loan for the purchase or construction of a main residence situated in Cyprus; or rent expense paid in respect of the use of a main residence situated in Cyprus, based on the above family income criteria	Up to €2.000 for each spouse or common-law partner or single person
Capital expenditure incurred for energy efficiency improvements, renewable energy systems and electricity storage batteries of the main residence located in Cyprus, based on the above family income criteria	Up to €1.000 for each spouse or common-law partner or single person
Capital expenditure incurred on electrical vehicles registered with the Department of Road Transport, based on the family income criteria	Up to €1.000 for each spouse or common-law partner or single person
Residence insurance premiums against natural disasters	Up to €500

Exemptions

Type of income	Exemption
Interest, except for interest arising from the ordinary business activities or closely related to the ordinary business activities of an individual	The whole amount (Note 1)
Dividends	The whole amount (Note 1)
Remuneration for first employment exercised in Cyprus as from 1 January 2022 by an individual who was not a resident of Cyprus for 15 consecutive years prior to their employment commencement if the annual remuneration exceeds €55.000. An employee is considered as exercising "first employment" in Cyprus if the said employee did not exercise any salaried services (including occasional employment) in Cyprus, either for a local or a foreign employer, for a 15-year consecutive period immediately prior to the aforesaid employee taking up employment in Cyprus. This exemption is applicable once in the taxpayer's lifetime for a period of 17 years. Individuals who commenced employment prior to 1 January 2022, may also be eligible to this exemption, subject to conditions. [Amended Article 8(23A))	50% of remuneration
Remuneration from first employment exercised in Cyprus commencing after 26 July 2022 and up until the year 2027 inclusive, by an individual who for a period of at least 3 consecutive years prior to the commencement of his employment in Cyprus was employed outside of Cyprus by a non-resident employer. This exemption is applicable for a period of 7 years, commencing from the year following the year of employment commencement. This exemption may not be claimed in addition to the immediately above mentioned 50% exemption for employment income. [Article 8(21)]	20% of the remuneration with a maximum amount of €8.550 annually
Remuneration from salaried services rendered outside Cyprus for more than 90 days in a tax year to a non- Cyprus resident employer or to a foreign permanent establishment of a Cyprus resident employer	The whole amount
Profits from a foreign permanent establishment under certain conditions	The whole amount (under conditions)
Profits from the sale of securities	The whole amount
Capital sums accruing to individuals from any payments to approved funds (eg provident funds)	The whole amount
Lump sum received by way of retiring gratuity, commutation of pension or compensation for death or injuries	The whole amount
Profits from the production of films, series and other related audiovisual programs	The lower of 35% of the eligible expenditure and 50% of the taxable income. Any restriction may be carried forward for 5 years.

Notes: Such interest & dividend income may be subject to Special Contribution for Defence

Tax Deductions

Type of expense	Amount limit
Contributions to trade unions or professional bodies	The whole amount
Loss of current year and previous years (up to the previous 5 years for individuals required to prepare audited financial statements)	The whole amount
Rental income	20% of rental income
Donations to approved charities (with receipts)	The whole amount
Expenditure incurred for the maintenance of building in respect of which there is a preservation order	Up to €1.200, €1.100 or €700 per square meter (depending on the size of the building)
Social Insurance, General Health System medical fund, private medical fund insurance contributions (maximum 1.5 % of remuneration), pension and provident fund contributions (maximum 10% of remuneration) and life insurance premiums (maximum 7% of the insured amount)	Up to 1/5 of the chargeable income
Investments as from 1 January 2017 in approved innovative small and medium sized enterprises either directly or indirectly subject to conditions (applicable up to 31 December 2026)	Up to 50% of the taxable income as calculated prior to this deduction (subject to a maximum of €150.000 per year) (note 1)
Eligible infrastructure and technological equipment expenditure in the audio-visual industry	20%
Expenditure of revenue nature for scientific research and for R&D, subject to conditions	The whole amount (and for expenditure incurred in years 2022, 2023 and 2024, an additional 20%)
Tax amortisation of any expenditure of capital nature for scientific research and for R&D, subject to conditions	The whole amount (and for expenditure incurred in years 2022, 2023 and 2024, an additional 20%) allocated over the asset life (maximum 20 years)

Note 1: Unused deduction can be carried forward and claimed in the following 5 years, subject to cap of 50% of taxable income (& overall maximum of €150.000 per year)

CORPORATION TAX

Cyprus legal entities are taxed on their worldwide income. Non-residents are taxed only on some specific income from sources in Cyprus.

Basis of taxation

A company is tax resident in Cyprus if its management and control is exercised in Cyprus.
As of 2023, a Cyprus incorporated company is by default considered a tax resident of Cyprus provided it is not tax resident in any other jurisdiction.

As of 1 January 2026, all Cyprus tax resident companies are taxed on their income accrued or derived from all chargeable sources in Cyprus and abroad at the rate of **15%** (2013-2025: 12.5%). However, see below for significant exemptions.

With effect from 1 January 2019 Controlled Foreign Companies (CFCs) rules apply i.e. non-distributed profits of CFCs directly or indirectly controlled by a Cyprus tax resident company, may become subject to tax in Cyprus (certain exceptions may apply).

A non-Cyprus tax resident company is taxed only on income accrued or derived from a business activity which is carried out through a permanent establishment in Cyprus and on certain income arising from sources in Cyprus.

Foreign taxes paid can be credited against the Cyprus corporation tax liability.

Cyprus, as an EU member state, will be transposing the EU Directive on the safeguarding of a global minimum level of taxation of multinational enterprise groups and large-scale domestic groups into its national law, with effect as from 1 January 2024.

Exemptions

Tax exemptions apply to the following income:

Type of income	Exemption limit
Profits from the sale of shares and other securities	The whole amount
Dividends (excluding, as from 1 January 2016, dividends which are tax deductible for the paying company)	The whole amount (1)
Interest not arising from the ordinary activities or closely related to the ordinary activities of the company	The whole amount (2)
Profits of a permanent establishment (p.e.) abroad, provided the foreign tax is not significantly lower than Cyprus tax and the p.e. does not derive more than 50% of its total income from investments.	The whole amount
Profits from the production of films, series and other related audiovisual programs	The lower of 35% of the eligible expenditure and 50% of the taxable income. Any restriction may be carried forward for 5 years

Note:

1) Such dividend income may be subject to Special Contribution for Defence
2) Such interest income may be subject to Special Contribution for Defence
3) With effect, as from 01 July 2016, taxpayers may elect to tax the profits earned by a foreign p.e. with a tax credit for foreign taxes incurred on those foreign p.e. profits. Transitional rules apply in certain cases on the granting of foreign tax credits where a foreign p.e. was previously exempt and subsequently a taxpayer elects to be subject to tax on the profits of the foreign p.e.

Deductions

INTEREST EXPENSE FOR ACQUISITION OF 100% SUBSIDIARY

Interest expense incurred for the direct or indirect acquisition of 100% of the share capital of a subsidiary company will be treated as deductible for income tax purposes provided that the 100% subsidiary company does not own (directly or indirectly) any assets that are not used in the business. If the subsidiary owns (directly or indirectly) assets not used in the business the interest expense deduction is restricted to the amount which relates to assets used in the business. This applies for acquisitions of subsidiaries from 1 January 2012. Moreover as from 1 January 2019 an interest limitation rule applies in accordance with the EU Anti-tax Avoidance Directive.

NOTIONAL INTEREST DEDUCTION (NID)

Equity introduced to a company as from 1 January 2015 (new equity) in the form of paid-up share capital or share premium is eligible for an annual notional interest deduction (NID). The annual NID deduction is calculated as an interest rate on the new equity.

NID Cap of 80%: The NID deduction cannot exceed 80% of the taxable profit derived from the assets financed by the new equity (as calculated prior to the NID deduction).

The relevant interest rate is the yield on 10-year government bonds (as at December 31 of the prior tax year) of the country where the funds are employed in the business of the company plus a 5% premium (there is no minimum reference rate). Where the country in which the new equity is employed/invested does not have an issue 10-year government bond, the reference rate is the Cyprus 10-year government bond yield plus 5%.

A taxpayer may elect not to claim all or part of the available NID for a particular tax year. Certain anti-avoidance provisions apply.

INTELLECTUAL PROPERTY RIGHTS (IP BOX)

The Cyprus Intellectual Property box is a corporate tax regime used to incentivize R&D activities by taxing revenues deriving from qualified IP assets, by offering lower taxes compared to other commercial revenues.

Benefits:
-80% of the profit earned from the use of intangible assets is deducted for tax purposes
-The effective tax rate in Cyprus is 2.5% on qualifying IP income (lowest in Europe)
-Expenditure incurred for the development or acquisition of intangible assets as defined in the Patent Rights Law, the Intellectual Property Law and the Trademarks Law is tax deductible.
-No capital gain on disposal of intangible assets of a capital nature transaction
-No obligation to prepare a balancing statement upon a transfer or sale of an intangible asset.

OTHER DEDUCTIONS

- The whole amount of donations to approved charities (with receipts).
- The whole amount of Employer's contributions to social insurance, General Health System and approved funds on employees' salaries.
- 1% on employee's remuneration regarding the employer's contribution to medical fund for employees.
- 10% on employee's remuneration regarding the employer's contribution to Provident/Pension fund for employees.

TAX LOSSES CARRIED FORWARD

Generally, loss from one source of income can be set off against income from other sources in the same year. As of 1 January 2026, any loss remaining after the set-off is carried forward for relief over the next 7 years (previously 5 years).

Group relief is available only with respect to the profit arising in the corresponding year of assessment. Companies should be members of the same group for the whole year of assessment.
Group losses may be transferred to another company within the group only on the provision that the receiving company first utilises its own losses brought forward.

A Cyprus tax resident company may also claim the tax losses of a group company which is tax resident in another EU country, provided such EU Company firstly exhausts all possibilities available to utilise its losses in its country of residence or in the country of any intermediary EU holding company.

Losses for a permanent establishment abroad can be set off against other profit of the Company.

RELIEF FROM FOREIGN TAXES

Foreign taxes, both underlying and withholding, are deducted from taxes in Cyprus on the same income.

SPECIAL TYPES OF COMPANIES

SHIPPING COMPANIES

The Merchant Shipping Legislation fully approved by the EU (approval extended up to 31 December 2029) provides for exemption from all direct taxes and taxation under tonnage tax regime of qualifying shipowners, charterers and ship-managers, from the operation of qualifying community ships (ships flying a flag of an EU member state or of a country in the European Economic Area) and foreign (non-community) ships (under conditions), in qualifying activities.

The legislation allows non community vessels to enter the tonnage tax regime provided the fleet is composed by at least 60% community vessels. If this requirement is not met, then non community vessels can still qualify if certain criteria are met. The legislation includes an "all or nothing" rule, meaning that if a shipowner/charterer/ ship-manager of a group elects to be taxed under the Tonnage Tax regime, all shipowners/ charterers/ ship-managers of the group should elect the same.

Exemption is also given in relation to the salaries of officers and crew aboard a community qualifying Cyprus ship.

Shipowners

The exemption applies to:
• profits derived from the use/chartering out of the ships
• interest income relating to the working capital of the company
• profits from the disposal of qualifying ships
• dividends received from the above profits at all distribution levels
• profit from the disposal of ship-owning companies and its distribution

The exemption also applies to the bareboat charterer of a vessel flying the Cyprus flag under parallel registration. Bareboat charter out agreements remain eligible for tonnage tax, with restrictions introduced for bareboat charter agreements to third parties.

The legislation provides a definition, as well as a specific list, of what are ancillary services. Moreover, it clarifies that the revenue from the ancillary services may fall under the tonnage tax regime, provided that the income therefrom does not exceed 50% of the total income generated from Maritime Transport Activities ('Core Activities').

Charterers

Exemption is given to:
• profits derived from the operation of chartered in ships
• interest income relating to the working capital of the company
• dividends received from the above profits at all distribution levels

The law grants the exemption provided that the option to register for Tonnage Tax is exercised for all vessels and provided a composition requirement is met: at least 25% (reduced to 10% under conditions) of the net tonnage of the vessels owned or bare boat chartered in.

Ship managers

The exemption covers:
• Profits from technical and/or crew management
• Dividends paid out of these profits at all levels of distribution
• Interest income relating to the working capital of the company

To qualify, ship-managers must satisfy the following additional requirements:

• Maintain a fully-fledged office in Cyprus with personnel sufficient in number and qualification
• At least 51% of all onshore personnel must be community citizens
• At least 2/3 of total tonnage under management must be managed within the community (any excess of 1/3 taxed under corporation tax)

The application of the tonnage tax system is compulsory for owners of Cyprus flag ships and optional for owners of non-Cyprus flag ships, charterers and ship-managers. Those who choose to enter the Tonnage Tax regime must remain in the system for at least 10 years unless they had a valid reason to exit such as disposal of their vessels and cessation their of activities.

INSURANCE COMPANIES

Insurance companies of general and life business are taxable in the same way as all other companies. In the case where there is no tax payable or where the tax payable on the taxable income of the life business is less than 1.5% of the gross amount of the insurance premiums then the insurance company pays the difference as additional tax.

INTERNATIONAL TRUSTS

Trust Law in Cyprus is based on English legal principles and the legislation in force follows the English Trustees Act of 1925. In 1992, the International Trust Law was enacted in order to facilitate the use of the basic law by non-residents. The law was amended on 9 March 2012 to become more attractive.

A Cyprus International Trust is a trust which has the following characteristics:

Requirements:

a) The settlor must not be Cyprus tax residents during the calendar year prior to the year of creation of the trust (may become Cypriot residents at any time following its creation)
b) At least one of the Trustees is a tax resident in Cyprus during the trust period; and
c) The beneficiaries must not be Cyprus tax residents during the calendar year prior to the year of creation of the trust

Benefits

1. **Preservation of Wealth**

The Trust facilitates the long-term management and preservation of family wealth by ensuring a gradual distribution of income and capital to its beneficiaries by the trustees, without burdening the beneficiaries with the responsibility of managing the trust wealth themselves.

2. **Asset Planning**

-The trustees may vest the beneficiaries' interests in movable and immovable property both in Cyprus and abroad and in shares in Cypriot companies
-The trust can be a shareholder in a Cyprus or foreign company
-The trust can have Cyprus sourced income

3. **Duration**

-A trust may continue to be valid and enforceable without time restriction.

4. **Taxation**

-Where the beneficiary is resident in Cyprus, the income and profits of a Cyprus International Trust which are earned or deemed to be earned from sources within and outside of Cyprus, are subject to every form of taxation imposed in Cyprus and
-Where the beneficiary is not a resident of Cyprus, the income and profits of a Cyprus International Trust which are earned or deemed to be earned from sources within Cyprus, are subject to every form or taxation imposed in Cyprus
-Income, gains and profits from non-Cyprus sources are exempt from income tax, capital gains tax, special defence contribution or any other taxes in Cyprus. Taxation of a Cyprus International trust in Cyprus:
- No capital gains tax is charged on the disposal of assets held abroad. The trust can have Cyprus sourced income.

THE CYPRUS ALTERNATIVE INVESTMENT FUNDS (AIFs) AND UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITs)

AIFs and UCITs are liable to tax or not depending on their legal status.

Under certain conditions, management fees and administration fees charged for AIFs and UCITs funds can be exempt from VAT.

Taxation of Funds

Funds which are opaque for tax purposes and which are managed and controlled in Cyprus are tax resident in Cyprus and are subject to the general provisions of the Cyprus tax framework.

In the case of funds which have compartments, each compartment is assessed separately for tax purposes subject to the provisions of the law.

Under circumstances and depending on the legal form of the fund, some funds may be transparent for tax purposes. Additional key provisions which are relevant to funds are set out below:

Sale of Fund Units

There is no Capital Gains Tax on the gains arising from the disposal or redemption of units in funds unless the fund owns immovable property in Cyprus (subject to conditions). However, even if it owns immovable property in Cyprus, no Capital Gains Tax arises if the Fund is listed on a recognized stock exchange.

No creation of a permanent establishment

Based on the Cyprus tax legislation no Cyprus permanent establishment will be deemed to arise:
for non-Cyprus resident investors as a result of investment into Cyprus tax-transparent investment funds, or,
as a consequence of the management from Cyprus of non-Cyprus investment funds.

Management services

The management fee charged for the provision of collective management services to investment funds is exempt from VAT, provided certain conditions are met.

Carried interest / performance fee for AIF and UCITS fund managers

Certain employees and executives of the following investment fund management companies or internally managed investment funds may opt for a different mode of personal taxation:

- Alternative Investment Fund Managers authorised under the Alternative Investment Fund Managers Law 56(I)/2013, as amended (hereinafter, the 'AIFM Law');
- Internally managed AIFs authorised under the AIFM Law;
- UCITS Management Companies authorised under the UCI Law; and
- Internally managed UCITS authorised under the UCI Law.

Subject to conditions, their variable employment remuneration which is effectively connected to the carried interest of the fund managing entity may, through an annual election, be separately subject to Cyprus tax at the flat rate of 8%, with a minimum tax liability of €10.000 per annum. This special mode of taxation is available for a period of 10 years.

TRANSFER PRICING (TP)

Effective as of 1 January 2022, the Cyprus Income Tax Law (L.118(I)/2002) was amended, and specifically the legislation of arm's length principle as stated in Article 33, introducing the Transfer Pricing rules, in accordance with the OECD Transfer Pricing Guidelines.

The TP rules provide for the TP Documentation file, which consists of the Master and Local Files, the Summary Information Table (SIT), as well as introduce the concept of Advance Pricing Agreements (APAs).

Cyprus tax resident persons and permanent establishments in Cyprus of non-Cyprus tax resident persons that engage in controlled transactions, are required to comply with the TP rules, on an annual basis.

INTERPRETATION OF ARM'S LENGTH PRINCIPLE (ALP)

Controlled transactions are transactions between related parties as defined in paragraph 3 of Article 33.

As per Article 33 of the legislation, the arm's length principle states that the price agreed in a transaction between two related parties must be the same as the price agreed in a comparable transaction between two unrelated parties.

In summary, related parties are considered companies in the following cases:

Two companies are considered as related if the same person (and its related persons) or group(s) of persons (under certain conditions) directly or indirectly:
• hold 25% of the voting rights or share capital of both companies, or
• have the right to at least 25% of both companies' income.

A company is also considered related to a person (and its related persons) that directly or indirectly:
• hold 25% of its voting rights or share capital, or
• have the right to at least 25% of its income.

Two or more persons are considered related if they act together (or take directions) to directly or indirectly:
• hold 25% of the voting rights or share capital, or
• have the right to at least 25% of the profit of a company.

MASTER FILE

Master File is a document which contains high level information about the global business operations of a multinational group.
Obligation for preparation and maintenance of a Master File only have Cyprus tax resident entities that are the ultimate parent or surrogate parent entity of an MNE group falling under the scope of Country-by-Country reporting.
All other persons are exempt from this obligation.

LOCAL FILE

Local File is a document which contains detailed information about the local business of the taxpayer, including description and documentation of related-party transactions.
Obligation for preparation of a Local File have persons that engage in Controlled Transactions that either exceed or should have exceeded the below thresholds, based on the arm's length principle.
For tax years 2022 up to and including 2025 the thresholds are as follows:

- EUR 5 million per annum in aggregate for controlled transactions falling under the category of financial transactions
- EUR 1 million per annum in aggregate for all other types of controlled transactions (e.g. sale/purchase of goods, provision/receipt of services, receipt/payment of IP licencing/royalties, others)

For the tax year 2026 onwards:

- EUR 10 million per annum in aggregate for controlled transactions falling under the category of financial transactions
- EUR 5 million per annum in aggregate for controlled transactions falling under the category of goods
- EUR 2.5 million per annum in aggregate for all other types of controlled transactions (e.g. provision/receipt of services, receipt/payment of IP licencing/royalties, others)

The Local file should be subject to Quality Review (sign-off) by a person who holds a Practicing Certificate from the Institute of Certified Public Accountants of Cyprus or another body of certified auditors in Cyprus, as approved by the Council of Ministers and no local sign-off requirement exists for the Master File, however the burden of proof falls on the Cyprus taxpayer.

SUMMARY INFORMATION TABLE

Summary Information Table is an additional form which contains high-level information about the taxpayer's related-party transactions, including the names and tax identification codes of the related counterparties, and the respective values per transaction category (sale/purchase of goods, provision/receipt of services, financing transactions, receipt/payment of IP licences/royalties, others).

All taxpayers that engage in Controlled Transactions, with no materiality threshold, must prepare on an annual basis a Summary Information Table. The SIT is submitted to the Cyprus Tax Department concurrently with the Income Tax Return.

MINIMUM TP DOCUMENTATION

The Cyprus Tax Department issued a Circular providing guidance to persons that are exempt from the obligation to prepare a Cyprus Local File, for maintaining Minimum TP documentation to support the arm's length nature of their related party transactions.

In this respect, persons that engage in related party transactions should maintain the following Minimum TP Documentation, to support the arm's length nature of any of their Controlled Transactions that are not required to be documented in a Cyprus Local File:

1. Brief functional analysis (functions, assets, risks)
2. Description of the functional profile of the entity, based on the results of the functional analysis
3. Reasoning for selection of the most appropriate TP method
4. Determination of the arm's length price(s) supported by relevant benchmarking results using internal or external comparables (as applicable) or any other relevant economic analysis compliant with the OECD Transfer Pricing Guidelines (e.g., the use of valuation models for financial guarantees).

DEADLINES

The TP Documentation File must be prepared annually by the deadline of filing the Company Income Tax Return to the CTD for the relevant year (e.g. currently 15 months after calendar year-end) and should be retained and submitted to the CTD upon request and within 60 days from such request.
The Local File should be subject to Quality Review (sign-off) by a person who holds a Practicing Certificate from the Institute of Certified Public Accountants of Cyprus or another body of certified auditors in Cyprus, as approved by the Council of Ministers. It is the responsibility of the taxpayer to complete the Summary Information Table and it must be submitted electronically together with the Income Tax Return for the relevant tax year, by the Statutory Auditor or Tax Consultant.

PENALTIES

Penalties vary depending on the days of delay in responding to the CTD from EUR 5,000 to EUR 20,000, EUR 20,000 in case of non-submission of the Master File and/or Local File and EUR 500 in case of non-submission of the Summary Information Table.

ADVANCE PRICING AGREEMENTS (APAS)

According to the ITL, Cyprus tax resident persons and permanent establishments in Cyprus of non-Cyprus tax resident persons may submit to the CTD an APA to agree the pricing methodologies in advance. APAs may relate to unilateral, bilateral or multilateral arrangements and will be valid for a period of up to four years and cannot apply retrospectively.

SPECIAL CONTRIBUTION FOR DEFENCE

Special Contribution for Defence (SDC) is imposed on income received or deemed to have been received by Cyprus tax resident persons. In case of individuals, this income is subject to SDC only if these are both Cyprus tax resident and Cyprus domiciled.

	Tax rates	
	Domiciled Individuals	Legal entities
	%	%
Dividend income from Cyprus tax resident company (transitional rules apply)	5	Nil
Dividend income from non-Cyprus tax resident company (Note 1)	5%	5%
Deemed dividend distribution by a Cypriot tax resident company for tax years 2024 and 2025 (Note 2)	17	Nil
Dividend distribution by a Cypriot tax resident company to its corporate shareholders located in a low tax jurisdictions / in an EU non-Cooperative Jurisdiction (Note 3)	Nil	5/17
Interest received or credited	17	0/3/17
Interest received or credited from savings certificates or development bonds of the government of Cyprus or the government of another EU member state, corporate bonds listed on a recognised stock exchange market, bonds or securities listed on a recognised stock exchange market issued by a local authority or a state organisation of Cyprus or of another EU member state	3	Nil
Interest accruing to pension fund, provident funds or to the Social Insurance Fund and the Health Insurance Fund	Nil	3
Interest paid or credited by a company resident in Cyprus to a company which is resident in an EU blacklist jurisdiction or incorporated in an EU blacklist jurisdiction and is not a resident in another jurisdiction	Nil	17

Notes:

1. Dividends received by a Cyprus tax resident company from a non-Cyprus tax resident company, the dividend is exempt from Special Defense contribution, unless:
   (i) More than 50% of the paying company's activities result directly or indirectly in investment income and
   (ii) The foreign tax burden is significantly lower than 50% of the tax burden in Cyprus.

2. Deemed dividend distribution rules are abolished for 2026 profits onwards. As per the transitional rules, the deemed distribution on dividends will be applied for the last time on 31.12.2026 and 31.12.2027 for the accounting profits of tax years 2024 and 2025 respectively.
3. 5% applies to relevant distributions to a company in a low tax jurisdiction. 17% applies to relevant distributions to a company in a non-cooperative jurisdiction. Should a company be located in both a low tax and non-cooperative jurisdiction, then the 17% withholding rate should apply.

Allowance of foreign tax

Foreign tax paid on income subject to Special Defense Contribution can be given as credit against the Special Contribution for Defence liability on the income, irrespective of the existence of a double tax treaty with the foreign country.

Deemed dividend distribution

Cyprus tax resident companies are deemed to distribute 70% of their profits after tax, within two years after the end of the relevant tax year, as dividends.

Special Defence contribution at 17% will be payable on such deemed dividend to the extent that the ultimate direct/indirect shareholders are both Cyprus tax residents and Cyprus domiciled.

The amount of deemed distribution is reduced by any actual dividends paid out of profits of the relevant year at any time.

The Deemed Dividend Distribution rules are abolished for profits earned as from 1 January 2026 onwards by Cyprus tax resident companies.

Domiciled in Cyprus

An individual is considered to be “domiciled in Cyprus” for the purposes of Special Contribution for Defence if:

- he has a domicile of origin in Cyprus per the Wills and Succession Law (with certain exceptions) or
- if (s)he has been a tax resident in Cyprus for at least 17 out of the 20 tax years immediately prior to the tax year of assessment

As of 1 January 2026, a non-domicile individual whose 17-year exemption period has lapsed, may elect to an alternative method of taxation, by paying a lump sum of €250,000 for 5-year period, subject to approval.

Anti-avoidance provisions apply.
Prior to 16 July 2015 individuals were subject to Special Contribution for Defence if they were tax resident in Cyprus.

CAPITAL GAINS TAX

Capital Gains tax (CGT) is imposed on profits from the disposal of:

- immovable property situated in Cyprus
- shares in companies which directly own such immovable property
- shares of companies which either directly or indirectly participate in a company or companies which own immovable property situated in Cyprus and at least 20% of the market value of such shares is derived from the relevant property

The taxable gain from the disposal is the difference between the sale proceeds and the original cost of the property plus improvements as adjusted for inflation and it is taxed at the rate of 20%.

As of 1 January 2026, when shares of a company are sold and their market value is essentially represented by/ derived from the market value of immovable property owned by such company then the basis of calculation of CGT purposes will be the consideration declared by the contracting parties as adjusted with the fair market values of any other assets held by the company being disposed.
Disposal for the purposes of CGT specifically includes exchange, leasing, gifting, abandoning use of rights, granting of right to purchase and any sums received upon cancellation of disposals of property.

Exemptions

The following disposals of immovable property are exempt from Capital Gains Tax:

- Disposal of property situated outside Cyprus
- Disposal of securities quoted on any regulated stock exchange
- Disposal of shares listed in a non-regulated stock exchange, up to a total value of EUR 50.000 in a calendar year
- Disposal of shares listed in a non-regulated stock exchange, held as of 31 December 2025 and on that date were listed in a non-regulated stock exchange
- Transfers by reason of death
- Gifts made from parent to child or between husband and wife or up to the third degree of relation
- Gifts to family companies of which all the shareholders are, and continue to be, members of the donor's family for at least five years
- Gifts from family companies to their shareholders provided the company originally acquired the property by way of gift. The property must be kept by the done for at least three years
- Gift to local authority, approved charitable institutions or the Government
- Exchange of properties, provided that the gain made on the exchange has been used to acquire the new property. The gain that is not taxable is deducted from the cost of the new property
- Expropriations
- Transfers as a result of reorganisations
- Gains from exchange of land from a land developer for development of building/flat/plot division, subject to conditions

	Applicable as of 1.1.2026	Previously applicable
Lifetime exemptions	**EUR**	**EUR**
Disposal of private residence (subject to certain conditions)	150.000	85.430
Disposal of agricultural land by a farmer	50.000	25.629
Disposal of any other property	30.000	17.086

Note: The combination of the above exemptions cannot exceed €150.000 per individual.

VAT

Cyprus VAT is imposed on the supply of goods and provision of services made within Cyprus, where it is a taxable supply made by a taxable person in the course of their business, as well as on the acquisition of goods from the European Union (EU) that are physically delivered to Cyprus from another EU member state legal person, and the importation of goods into Cyprus.

VAT registered persons charge VAT on their taxable acquisition of goods and purchase of services (output tax) and are charged with VAT on goods or services which they receive (input tax).

During a VAT period, if output tax exceeds input tax, a payment has to be made to the authorities. If input tax exceeds output tax, the excess input tax is carried forward as a credit and set off against future output VAT.

VAT rates

Cyprus' tax legislation provides for the following five tax rates:

- Zero rate 0%
- Reduced rate 3%, 5% and 9%
- Standard rate 19%

Zero rate

Examples are:

- The exportation of goods
- Hiring and repairing of ships and aircrafts, services to meet the immediate needs of ships and aircrafts
- Supply of services to meet the direct needs of sea going vessels and aircrafts
- Goods that are intended to be incorporated into drilling or production platforms
- Typewriters with Braille characters and special electronic typewriters
- Wheeled and other vehicles for people with disabilities

Reduced rate 3%

Examples are:

- Books, newspapers and periodicals provided in either physical or electronic form or both
- Right of entry from the first performance of theatrical performances of musical and dance works of classical
- works taking place in Cyprus
- Special lifting devices for people with disabilities
- Waste collection and treatment cleaning services, except those provided by State Authorities, Local Government Authorities and public law organizations.
- Disposal and treatment of sewage and discharge of tanks and industrial tanks.

Reduced rate 5%

Examples are:

- Repair and renovation of private dwellings by a taxable person (subject to conditions)
- Purchase or construction of a flat or house to be used as a private main residence (under certain conditions)
- Entry fees to theatres, cinemas at sports events, luna parks and similar cultural events
- Supply of food including drinks for human consumption but excluding alcoholic beverages and refreshment drinks
- Confectionary product
- Carriage of passengers and their accompanying luggage within Cyprus by urban, intercity or rural tax or by tourist, excursion or intercity coach

- Accommodation in hotels, tourist accommodation and similar establishments, including the provision of holiday accommodation
- Hair salon services

Reduced rate 9%

Examples are:

- accommodation provided by hotels and other similar establishments, including provision of holiday accommodation, transportation of passengers and their luggage by taxi, domestic sea transportation services,
- restaurant services and other similar catering services, which consist the supply of manufactured or non-manufactured food or drinks or both for human consumption,
- supply of electricity

Standard rate 19%

The standard rate applies to the supplies of all goods and services in Cyprus which are not subject to the zero rates, the reduced rates or are not exempt.

Exemptions

Certain goods or services are exempt from VAT. They include:

- Leasing of buildings used for residence (subject to conditions)
- Purchase of immovable property (subject to conditions)
- Most banking and financial services and insurance services
- Most hospital, medical and dental care services
- Certain cultural, educational and sports activities
- Supplies of buildings subject to conditions
- Postal services provided by the national postal authority
- Lottery tickets and betting coupons for football and horse racing

VAT on immovable property

(i) Leasing of immovable property

VAT at the standard rate must be charged on the lease of immovable property (with the exception of leasing of residential dwellings) when the lessee is a taxable person and is engaged in taxable activities by at least 90%. The lessor has the right to opt not to impose VAT on the specific property. The option is irrevocable and ceases to apply in case of change in the ownership of the immovable property.

(ii) Sale of non-developed building land

VAT at the rate of 19% must be charged on the sale of non-developed building land, as from 2 January 2018. Non-developed building land is defined as any land intended for the construction of one or more structures in the course of carrying out a business activity. No VAT will be imposed on the purchase or sale of land located in a livestock zone or areas which are not intended for development such as zones/areas of environmental protection, archaeological and agricultural.

(iii) Leases of immovable property which effectively transfer the risks and rewards of ownership of immovable property

As from 1 January 2019 leases of immovable property which effectively transfer the risks and rewards of ownership of immovable property are considered to be supplies of goods. They also become subject to VAT at the standard rate.

(iv) VAT on the supply of buildings
Effective as of 11 November 2022, the supply of a building is subject to VAT when supplied before its first delivery and under any subsequent deliveries within a period of five (5) years from its completion, provided that no actual use has occurred by an unrelated person for a period of at least twenty-four (24) months.

Imposition of the reduced rate of 5% on the acquisition and/or construction of residences for use as the primary and permanent place of residence.

The reduced rate of 5% applies to contracts for which the planning permission was applied for up to 31 October 2023, provided they relate to the acquisition and/or construction of residences to be used as the primary and permanent place of residence for the next 10 years. The reduced VAT of 5% is applicable on the first 200sqm of buildable area and the application must be submitted by up to 15 June 2026.

Effective from 16 June 2023 onwards, new conditions apply for the 5% VAT on primary and permanent residence, and new conditions for the right to re-apply for the 5% VAT on primary residence within 10 years.
As per the new rules, the reduced VAT rate of 5% will apply to:

a) the first 130 sqm of a primary residence,
b) up to a value of €350,000, provided that the total transaction value does not exceed €475,000 and
c) the total buildable area does not exceed 190 sqm (exceptions apply).

According to the previous provision of the VAT Law, a person who has exercised the right to acquire a residence with the reduced VAT rate of 5% may exercise right for the purpose of acquiring another residence before the expiration of ten (10) years, provided that the person:

1. ceased using the residence as a primary place of residence prior to the expiration of ten years;
2. notified the Commissioner and
3. Paid the difference between VAT between the standard and reduced VAT rates, irrespective of the period for which the property was used as the primary and permanent residence.

According to the new provision, an individual can apply for the 5% VAT on the new property provided that the person:

1. Notifies the Commissioner within thirty (30) days from the date he ceased using it as a place of residence and
2. Pays the amount of the difference between the amounts of the VAT which result from the application of the reduced rate and the standard VAT rate attributable to the remaining period of 10 years for which the property will not be used as the main and primary place of residence, except in case of death of the beneficiary person or in case of transfer by the beneficiary to any of his adult children, provided that the said child is a beneficiary at the time of transfer.

REGISTRATION - compulsory and voluntary

Established persons in the Republic of Cyprus

Registration is compulsory for businesses with (a) turnover subject to VAT in excess of €15,600 during the 12 preceding months or (b) expected turnover subject to VAT in excess of €15,600 within the next 30 days. Businesses with turnover of less than €15,600 or with supplies that are outside the scope of VAT but for which the right to claim the amount of the related input VAT is granted, have the option to register on a voluntary basis.

An obligation for registration also arises for businesses which make acquisition of goods from other EU Member States in excess of €10,251.61 during any calendar year, or if at any time the business engaged in the supply of intra-community services for which the recipient must account for VAT under the reverse charge provisions.

Furthermore, an obligation for VAT registration arises for businesses carrying out economic activities from the receipt of services from abroad for which an obligation to account for Cyprus VAT under the reverse charge provision exists subject to the registration threshold of €15,600 per any consecutive 12-month period. No registration threshold exists for the provision of intra-community supplies of services.

Exempted products and services, and disposals of items of capital nature are not taken into account for determining annual turnover for registration purposes. Registration is carried out by completing the appropriate application form.

Persons with no establishment in the Republic of Cyprus

As from 20 August 2020, registration is compulsory for persons with no establishment in Cyprus which are engaged or expect to be engaged in taxable activities in Cyprus in the course of their business. No VAT registration threshold exists for the non-established persons engaging in such activities.

The non-established person may request to obtain an exemption for VAT registration in Cyprus from the Tax Commissioner, on the basis that it is engaged only/merely in activities which are subject to 0% VAT.

VAT returns and payment / refund of VAT

Any registered person has to submit electronically a quarterly VAT return not later than the 10th day following the end of the month at the end of each VAT period and pay the VAT due.

Late submission of VAT returns results in the imposition of a monetary fine of €100 per VAT return. Late payment of outstanding VAT amount results in the imposition of a penalty of 10% on the outstanding amount and interest at 5.5% per annum on the outstanding amount and the penalty.

As from 20 August 2020, the Tax Commissioner reserves the right to suspend the payment of a VAT credit balance and applicable interest in cases where taxpayers have failed to comply with the obligation to submit income tax returns. The refund is suspended until the taxpayer complies with the relevant obligations.

The right to request refund of a VAT credit balance will be limited to six years from the end of the VAT period in which it arose. Any requests submitted after the six-year period has elapsed will be examined at the discretion of the Tax Commissioner.

Intrastat Registration

Each VAT-registered person who exports and / or imports goods to / from other member states (the value of which exceeds the statistical threshold), is obliged to submit each month to the Tax Department the INTRASTAT return for intra-union imports and / or intra-union exports via TAXISnet.

For 2026, the «exemption thresholds» are €380.000 for intra-union imports (2025: €350.000) and €75.000 for intra-union exports (2025: €75.000), and the «simplification thresholds» are €2.700.000 (2025: €2.700.000) for intra-union imports and €5.800.000 (2025: €5.800.000) for intra-union exports.

The return must be submitted electronically until the 10th day immediately following the end of the month to which the return relates. Late submission of the Intrastat forms results

VIES registration

A taxable person delivering intra-community supplies of goods and/or services to taxable persons in other EU member states has an obligation to register with VIES and submit electronically monthly VIES returns.

The VIES return must be submitted on a monthly basis by the 15th day of the month following the end of the reporting month. Late submission of VIES return results in the imposition of a penalty of €50 for each VIES return. Omission to submit the VIES return constitutes a criminal offence and in case of conviction the penalty may reach up to €850. Late submission of corrective VIES return results in a penalty of €15 per return.

ESTATE DUTY

There is no estate duty (inheritance tax) in Cyprus.

STAMP DUTY

Abolished for agreements signed from 2026 onwards.

CAPITAL DUTY

Upon incorporation of a Cyprus Company, there is capital duty of €105 on the authorised share capital. There is no capital duty if the shares are issued at their nominal value. There is €20 flat duty if the shares are issued at a premium.

Upon subsequent increases of the authorised share capital, there is capital duty on the additional share capital, and flat duty of €20, on every issue whether the shares are issued at nominal value or at a premium.

LEVY ON CYPRUS PROPERTY DISPOSALS

As from 22 February 2021 a levy of 0,4% applies on all disposals of immovable property that are within the current control of the Republic (i.e. both trading-nature and capital-nature disposals).

As from 18 November 2022, the levy applies on all disposals of immovable property as well as disposals of shares of a company which, directly or indirectly, holds immovable property.

In cases involving a direct disposal of immovable property, the levy is imposed on the disposal consideration, whereas in cases involving a disposal of shares of a company the levy is imposed on the latest general valuation undertaken by the Department of Land & Surveys.

The obligation for payment of the levy lies with the seller.

The following direct or indirect disposals of immovable property are exempt:
- Debt for asset swaps;
- Qualifying reorganisations; and
- Shares listed on a recognised stock exchange.

TRANSFER FEES BY THE DEPARTMENT OF LAND AND SURVEYS

The fees charged by the Department of Land Surveys to acquirer for transfers of immovable property are as follows (subject to exemptions):

Market Value	Rate	Fee	Accumulated fee
0 - €85.000	3%	2,550	2,550
€85.001 - €170.000	5%	4,250	6,800
Over €170.001	8%		

No transfer fees are payable if VAT is applicable upon purchasing the immovable property.

The above transfer fees are reduced by 50% in case the purchase of immovable property is not subject to VAT.

WITHHOLDING TAX AND DOUBLE TAXATION TREATIES (DTTS)

WITHHOLDING TAXES ON DIVIDENDS, INTEREST AND ROYALTIES

No Cyprus withholding tax (WHT) on dividends, interest and royalties paid to non-residents of Cyprus, except in the case of royalties earned on rights used within Cyprus, which are subject to a WHT of 10% (5% in the case of cinematographic films). Such Cyprus WHT on royalties for rights used within Cyprus may be reduced or eliminated by double tax treaties entered into by Cyprus or by the EU Interest and Royalty Directive as enacted in the Cyprus tax legislation.

It is noted that, as from 31 December 2022, Cyprus applies WHT of 17% on dividends paid by non-quoted companies, 17% (30% during 31 December 2022 - 31 December 2023) on payments of passive interest (excluding payments by individuals) and 10% on payments of royalties and similar type payments (excluding payments by individuals) if the recipient of the payment is a company in a jurisdiction included on the EU list of non-cooperative jurisdictions on tax matters (commonly referred to as the EU 'blacklist').

As of 1 January 2026, WHT will apply at the rate of 5% on dividend payments made to low-tax jurisdictions. This rule does not apply on payments made to individuals. For the rule to apply, the recipient company must be an associated company which is defined in the law based on a 50% relationship (directly or indirectly) between the company receiving the income and the Cyprus tax resident company making the payment.

WITHHOLDING ON OTHER TYPES OF INCOME

The gross income derived by an individual not resident in the Republic from the exercise in the Republic of any profession or vocation, the remuneration of public entertainers not resident in the Republic, and the gross receipts of any theatrical or musical or other group of public entertainers, including football clubs and other athletic missions from abroad, derived from performances in the Republic is subject to a 10% withholding tax.

DOUBLE TAX TREATIES

Cyprus has a wide double taxation treaty network which serves as a strong incentive for foreign investment.
The table below illustrates the withholding rates provided for in the double tax treaties entered into by Cyprus on inbound payments which the treaty partner country may charge on such
type incomes qualifying under the respective treaty. The domestic law of the paying country should be examined in order to determine the actual withholding rate to be charged.

	RECEIVED IN CYPRUS		
PAID FROM	DIVIDENDS %	INTEREST %	ROYALTIES %
Andorra(48)	Nil	Nil	Nil
Armenia	0/5 (1)	0/5 (2)	5
Austria	10	Nil	Nil
Bahrain	Nil	Nil	Nil
Barbados	Nil	Nil	Nil
Belarus	5/10/15 (3,4)	5	5
Belgium	10/15 (4)	0/10 (2, 5)	Nil
Bosnia (6)	10	10	10

Bulgaria	5/10 (7)	0/7 (2, 8)	10 (8)
Canada	15	0/15 (9)	0/10 (10)
China, P.R.	10	10	10
Croatia (45)	5	0/5 (47)	5
Czech Republic	0/5 (11)	Nil	0/10 (12)
Denmark	0/15 (2,11, 13)	Nil	Nil
Egypt	5/10 (14)	10	10
Estonia	Nil	Nil	Nil
Ethiopia	5	0/5(2)	5
Finland	5/15 (15)	Nil	Nil
France	10/15 (16)	0/10 (17,18)	0/5 (18)
Georgia	Nil	Nil	Nil
Germany	5/15 (19)	Nil	Nil
Greece	25	10	0/5 (18)
Guernsey	Nil	Nil	Nil
Hungary	5/15 (7)	0/10 (2)	Nil
Iceland	5/10 (16)	Nil	5
India	10	0/10 (20)	10 (21)
Iran	5/10 (7)	0/5 (2)	6
Ireland, Rep. Of	Nil	Nil	0/5 (18)
Italy	15	10	Nil
Jersey	Nil	Nil	Nil
Jordan	5/10 (16)	0/5(2)	7
Kazakhstan	5/15 (16)	0/10(2)	10
Kuwait	Nil	Nil	5
Latvia	0/10 (22)	0/10 (22)	0/5 (23)
Lebanon	5	0/5(2)	Nil
Lithuania	0/5 (16)	Nil	5
Luxembourg	0/5(16)	Nil	Nil
Malta	Nil	0/10(2)	10
Mauritius	Nil	Nil	Nil
Moldova	5/10 (7)	5	5
Montenegro (6)	10	10	10
Netherlands (45)	0/15(46)	Nil	Nil
Norway	0/15 (24)	Nil	Nil
Oman	Nil	Nil	8
Poland	0/5 (25)	0/5 (2)	5
Portugal	10	10	10
Qatar	Nil	Nil	5
Romania	10	0/10 (2)	0/5 (26)
Russia	5/15 (27)	0/5/15 (28)	Nil
San Marino	Nil	Nil	Nil
Saudi Arabia	0/5 (29)	Nil	5/8 (30)
Serbia (6)	10	10	10
Seychelles	Nil	Nil	5
Singapore	Nil	0/7/10 (2,31)	10
Slovak Republic (38)	10	0/10 (2)	0/5 (26)

Slovenia	5	0/5(2)	5
South Africa	5/10 (33)	Nil	Nil
Spain	0/5 (34)	Nil	Nil
Sweden	5/15 (7)	0/10 (2)	Nil
Switzerland	0/15 (35)	Nil	Nil
Syria	0/15 (36)	0/10 (9)	10/15 (37)
Thailand	10	0/10/15 (38)	5/10/15 (39)
Ukraine	5/10 (40)	0/5(9)	5/10 (41)
United Arab Emirates	Nil	Nil	Nil
United Kingdom	0/15 (42)	Nil	Nil
United States	5/15 (43)	0/10 (44)	Nil

Notes:

1. The WHT rate of 5% applies where a dividend is paid by a company in which the beneficial owner has invested less than €150,000.
2. No WHT if paid to the government/Central Bank/ Public Authority of the other state.
3. A WHT rate of 5% applies where the investment is not less than €200.000 in the share capital of the company paying the dividend. If such investment is less than €200.000, dividends are subject to 15% WHT.
4. For Belarus DTT a 10% WHT rate and for Belgium DTT the lower WHT rate applies to companies holding directly or indirectly at least 25% of the share capital of the company paying the dividend. In all other cases the higher WHT rate applies.
5. No WHT for interest on deposits with banking institutions.
6. Serbia, Slovenia Montenegro and Bosnia apply the Yugoslavia/Cyprus treaty.
7. Lower WHT rate applies to companies holding directly at least 25% of the share capital of the company paying the dividend. In all other cases the higher WHT rate applies.
8. The treaty rates do not apply if the payment is made to a Cyprus entity by a resident of Bulgaria owning directly or indirectly at least 25% of the share capital of the Cyprus entity and the Cyprus entity pays tax in Cyprus at a tax rate lower than the usual tax rate.
9. Nil if paid to a government/Central Bank/ Public Authority or for export guarantee.
10. Nil on literary, dramatic, musical, or artistic work (but not including royalties in respect of motion picture films and works on film or videotape for use in connection with television).
11. No WHT if received by a company (excluding partnership) which holds directly at least 10% of the share capital of the paying company for an uninterrupted period of no less than one year.
12. 10% WHT applies for patent, trademark, design or model, plan, secret formula or process, computer software or industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
13. No WHT if the beneficial owner is a pension fund or other similar institution providing pension schemes in which individuals may participate in order to secure retirement benefits, where such pension fund or other similar institution is established, recognized for tax purposes and controlled in accordance with the laws of that other State.
14. A WHT rate of 5% if the beneficial owner is a company (other than a partnership) which holds directly at least 20% of the capital of the company paying the dividends throughout a 365-day period that includes the day of the payment of the dividend. A WHT of 10% applies in all other cases.

15. A WHT rate of 15% applies if received by a company controlling less than 10% of the voting power in the paying company and in all cases if received by an individual or a partnership.
16. Nil or lower WHT rate applies to companies (excluding partnerships) holding directly at least 10% of the share capital of the company paying the dividend. In all other cases the higher WHT rate applies.
17. Nil if paid to a government, bank, or financial institution. Nil also applies if related to a sale on credit of any industrial, commercial or scientific equipment or a sale on credit of any merchandise by one enterprise to another enterprise.
18. A WHT rate of 5% on royalties for cinematographic films including films and video tapes for television. With respect to France DTT the 5% WHT applies on cinematographic film royalties (other than films shown on television).
19. Lower WHT rate applies to companies holding directly at least 10% of the share capital of the company paying the dividend. In all other cases the higher WHT rate applies.
20. Nil if paid to a government or any other institution agreed upon between the two States.
21. A WHT rate of 10% is also applicable for payments of a technical, managerial, or consulting nature.
22. Nil applies if the payer is a company that is a resident in Latvia and the beneficial owner of the income is a company (other than partnership) that is a resident in Cyprus. 10% rate applies for all other cases (except for certain governmental interest).
23. Nil applies if the payer is a company that is a resident in Latvia and the beneficial owner of the income is a company (other than partnership) that is a resident in Cyprus. 5% rate applies for all other cases.
24. Nil rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends or if the beneficial owner of the shares is the Government of Cyprus or Norway. A WHT rate of 15% in all other cases.
25. Nil rate applies if the recipient company (partnership is excluded) holds directly 10% of the share capital of the paying company for an uninterrupted period of at least 2 years. 5% in all other cases.
26. 5% WHT rate applies for patents, trademarks, designs or models, plans, secret formulas, or processes, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.
27. A WHT rate of 5% applies if the beneficial owner of the company is an insurance undertaking or pension fund, or if the beneficial owner is a company whose shares are listed on a registered stock exchange provided no less than 15% of the voting shares of that company are in free float and which holds directly at least 15% of the capital of the company paying the dividends throughout a 365 day period that includes the day of payment of the dividends, or if the beneficial owner of the dividends is the government of that contracting state or a political subdivision / local authority thereof.
28. A WHT rate of 0% applies on interest if the beneficial owner is an insurance undertaking or a pension fund, or the Government of that Contracting State or a political subdivision or a local authority thereof, or the Central Bank of that Contracting State, or a bank. A WHT rate of 0% also applies on interest paid in respect of securities that are listed on a recognized stock exchange (government bonds, corporate bonds, Eurobonds). A WHT rate of 5% applies if the beneficial owner is a company whose shares are listed on a registered stock exchange provided no less than 15% of the voting shares of that company are in free float and which holds directly at least 15% of the capital of the company paying the interest throughout a 365-day period that includes the day of payment of the interest. A WHT of 15% applies in all other cases.
29. Nil rate applies to companies (excluding partnerships) holding directly or indirectly at least 25% of the share capital of the company paying the dividend. 5% WHT rate applies in all other cases.

30. 5% WHT rate applies on payments for the use of, or the right to use, industrial, commercial or scientific equipment. A WHT rate of 8% applies in all other cases.
31. A WHT rate of 7% if paid to a bank or financial institution.
32. The Cyprus - Czechoslovakia treaty applies with the Slovak Republic.
33. Lower WHT rate applies to companies holding at least 10% of the share capital of the company paying the dividend. In all other cases the higher WHT rate applies.
34. A WHT rate of 5% if received by a company holding less than 10% of the capital of the paying company and in all cases if received by an individual or a company not limited at least partly by shares.
35. Nil rate applies if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends during an uninterrupted period of at least one year (the holding period condition may be satisfied post the date of the dividend payment). Nil rate also applies if the beneficial owner is a pension fund or other similar institution or relates to the Government of Cyprus or Switzerland. 15% in all other cases.
36. A WHT rate of 15% if received by a company holding less than 25% of the share capital of the paying company and in all cases if received by an individual or a company not limited at least partly by shares.
37. 10% WHT rate applies on payment of royalties of any copyright of literary, artistic or scientific work including cinematograph films, and films or tapes for television or radio broadcasting. A rate of 15% applies on payments of royalties of any patent, trademark, design or model, plan, secret formula or process, or any industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.
38. No WHT if paid to the government/Central Bank/ Public Authority of the other state. A WHT rate of 10% on interest received by a financial institution or when it relates to sale on credit of any industrial, commercial, or scientific equipment or of merchandise. 15% in all other cases.
39. A WHT rate of 5% applies for any copyright of literary, dramatic, musical, artistic, or scientific work. A WHT 10% rate applies for industrial, commercial, or scientific equipment. A 15% rate applies for patents, trademarks, designs or models, plans, secret formulas, or processes.
40. A WHT rate of 5% applies if the beneficial owner company (other than a partnership) holds directly at least 20% of the capital of the paying company and has invested at least EUR100.000 in the acquisition of shares or other rights in the paying company. A WHT rate of 10% applies in all other cases.
41. A WHT 5% WHT will be levied on payment of royalties in respect of any copyright of scientific work, any patent, trademark, secret formula, process or information concerning industrial, commercial or scientific experience. 10% WHT will be levied in all other cases.
42. A WHT rate of 15% applies to dividends paid out of income (including gains) derived directly or indirectly from immovable property by an investment vehicle which distributes most of its income annually and whose income from such immovable property is exempt from tax, except for cases where the beneficial owner of the dividend is a pension scheme established in Cyprus. Nil rate applies in all other cases.
43. A WHT rate of 15% if received by a company controlling less than 10% of the voting power of the paying company and in all cases if received by an individual. If a company controls at least 10% of the voting power of the paying company in order to benefit from the WHT rate of 5% other conditions relating to the income of the paying company need to be satisfied, otherwise a WHT rate of 15% applies.
44. Nil if paid to a government, bank, or financial institution. Also, nil if related to debt obligations guaranteed by Government, or in connection with the sale of property or the performance of services.
45. The Cyprus-Netherlands treaty is effective as from 1 January 2024.

46. Nil rate applies if the beneficial owner is a company which holds directly at least 5% of the capital of the company paying the dividends throughout a 365- day period that includes the day of the payment of the dividend. Nil rate also applies if the beneficial owner is a recognised pension fund which is generally exempt under corporate income tax laws. A WHT rate of 15% applies in all other cases.

TAX DIARY FOR 2024

END OF EACH MONTH

-Payment of tax deducted from employees' salary (PAYE) in the preceding month.
-Payment of special contribution for defence withheld on payments of dividends, interest or rents (when the tenant is a company, partnership, the state or local authority) made to Cyprus tax residents in the preceding month.
-Payment of tax withheld in the preceding month on payments to non- Cyprus residents.

31 JANUARY

Submission of declaration of deemed dividend distribution (TD623) for the year ended 31 December 2023.

28 FEBRUARY

Submission of tonnage tax declaration and payment of tonnage tax for the previous year, by qualifying charterers and managers as well as qualifying owners of foreign flagged vessels s

31 MARCH

-Electronic submission of the 2023 corporate tax return for entities (TD4) and the Summary Information Table (if required) for the tax year 2023
-Electronic submission of the Confirmation of Withholding of SDC on rents
-Electronic submission of the 2023 income tax return of individuals (TD1) who have an obligation to prepare audited financial statements
-Submission of tonnage tax declaration upon entry to the Tonnage Tax System and payment of the tonnage tax for the current year, by qualifying owners of Cyprus flagged vessels
-Electronic submission of the Annual Employer's Return (TD7) for the tax year 2024

31 MAY

Electronic submission of the Annual Employer's Return (TD7) for the tax year 2025

30 JUNE

-Payment of GHS withheld on rental payments for the first six months of 2026
-A non-domiciled individual whose 17-year exemption period has lapsed on 31 December 2025 may elect to an alternative method of taxation, by paying a lump sum of €250,000 for a 5-year period. The choice is subject to the Commissioner's of Taxation approval of the individual's application, which needs to be submitted by 30 June 2026.

31 JULY

-Payment of the first instalment of provisional tax for 2026 (applicable for individuals with sources of income other than employment, self-employed individuals who prepare audited financial statements and companies)
-Electronic submission of 2025 personal tax returns (TD1) of individuals who have no obligation to prepare audited financial statements for the tax year 2025
-Payment of tax balance for the tax year 2025 by individuals (employees and self-employed) who have no obligation to prepare audited financial statements

1 AUGUST

Payment of the Company's final tax balance for the tax year 2025

31 DECEMBER

-Electronic submission of the Company Income Tax Return (TD4) and Summary Information Table for the tax year 2024

-Electronic submission of income tax return (TD1) of individuals who have an obligation to prepare audited financial statements for the tax year 2024 (applicable for individuals with sources of income other than employment, self-employed individuals who prepare audited financial statements and companies)

-Upwards or downward revision of the provisional tax for 2026 and payment of the second instalment.

-Payment of GHS withheld on rental payments for the second semester of 2026

ACCOUNTING AND REPORTING

BOOKS AND RECORDS

Companies incorporated in Cyprus are required to keep proper books of accounts either at the company's registered office or at any place designated by the directors.
The books and records of a company are not open to inspection by anyone other than the directors and auditors. The Inland Revenue, as well as the VAT authorities can, however, request the production of any records while examining accounts for tax or VAT purposes.
The accounting records must show all sums of money received and expended all sales and purchases, assets and liabilities.

Other books required to be kept are:

- Register of members
- Register of directors and secretary
- Register of directors' interests (in shares of the company)
- Register of debentures and charges
- Minutes of directors' and shareholders' meetings.
- The Income Tax Law requires that all transactions of a company must be entered in the company's accounting records within 4 months from the date of the transaction.
- VAT laws require that the VAT returns be prepared on a quarterly basis (the quarters are decided by the VAT office and are not necessarily on a calendar basis). Furthermore, VIES Returns (an EU system of reporting cross-border business-to-business transactions within the EU) are required to be filed on a monthly basis.

In practice, therefore, in order to ensure full compliance, companies should update their bookkeeping records in maximum of monthly cycles.

ANNUAL RETURNS

All companies must file an annual return giving details of the company's capital structure, mortgage particulars, and particulars of registered shareholders, directors and secretary.
A copy of the annual financial statements must be attached to the annual return, (with an auditors' report unless exemption applicable), and a Management Report (previously referred to as Report of Board of Directors) where this is required (see further below). The documents filed with the Registrar of Companies must be in Greek (or Turkish) and are open to public inspection. By concession, the financial statements filed with the Annual Return may be in English.

FINANCIAL STATEMENTS

Financial Statements must be prepared by all Cyprus incorporated companies once a year and presented at the shareholders' annual general meeting. They may be in any language, but a Greek or English translation is required to be filed with the Registrar of Companies as an attachment to the company's Annual Return. The accounting period should be for twelve months ending on any date decided upon by the directors. Financial Statements should be prepared in accordance with International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the IASB and should comply with the Companies Law, Cap. 113. The Accounting year-end is deemed to be 31 December, unless notice of another date is given.

Categories of Companies

In September 2016, the Cyprus Companies Law was amended, and *inter alia,* introduced new definitions of Small, Medium and Large sized Companies, summarised in the below table:

Category	Criteria			Condition
	Total Gross Assets	Net Turnover	Average No. of employees during the financial year	
Small Companies	Less than €4.000.000	Less than €8.000.000	Less than 50	As at their balance sheet dates do not exceed the limits of at least two of the three criteria.
Medium- sized Companies	Less than €20.000.000	Less than €40.000.000	Less than 250	Are not small companies and which as at their balance sheet dates do not exceed the limits of at least two of the three criteria.
Large Companies	More than €20.000.000	More than €40.000.000	More than 250	As at their balance sheet dates exceed at least two of the three criteria.

Small companies are, subject to certain conditions, exempt from the obligation to prepare management report.

Stand-alone and Consolidated financial statements

Small/Medium sized groups of companies

Categories of Groups

In September 2016, the Cyprus Companies Law was amended, and inter alia, introduced new definitions of Small, Medium and Large sized Groups of Companies, summarised in the below table:

Category	Criteria			Condition
	Total Gross Assets	Net Turnover	Average No. of employees during the financial year	
Small Groups	Less than €4.000.000	Less than €8.000.000	Less than 50	On a consolidated basis, do not exceed the limits of at least two of the three criteria as at the balance sheet date of the parent company.
Medium- sized Groups	Less than €20.000.000	Less than €40.000.000	Less than 250	Groups which are not small groups, and which, on a consolidated basis, do not exceed the limits of at least two of the three criteria as at the balance sheet date of the parent company
Large Groups	More than €20.000.000	More than €40.000.000	More than 250	Groups which on a consolidated basis, exceed the limits of at least two of the criteria as at the balance sheet date of the parent company

If a Cyprus company is holding subsidiaries, it is required to prepare consolidated financial statements. The following exemptions apply:

Small and medium sized groups (see definition above) are exempt from the obligations to draw up consolidated financial accounts.
Note: The exemptions from consolidation in the cases of:

(i) severe and long-term restrictions,
(ii) (disproportionate cost or undue delay and
(iii) held exclusively with the view to subsequent sell, as these were provided by the previous Law have been abolished.

Groups of companies, the holding or mother companies of which publish consolidated financial accounts on the basis of Generally Accepted Accounting Principles, shall be exempt from the obligation to draw up consolidated financial accounts.

Under the Companies Law, the term 'small/medium-sized group' shall mean a group of companies, of which the companies being consolidated:

- Are non-publicly-traded companies
- The drawing up of their consolidated financial accounts is not subject to other legislation
- Fully comply with two out of the three criteria referred to above at the date of closure of the balance sheet of the holding company

Audit of Financial Statements

The Financial Statements of all Cyprus companies have to be audited by an independent auditor or auditors.

Exemptions from audit requirements in Cyprus for small companies

In June 2022 an important update to the Cyprus Companies Law, Cap 113, was enacted with the aim of simplifying accounting and audit practices for small size companies (the Companies (Amendment No.2) Law of 2022 (the ''Law''). The purpose of the amendment is to simplify the financial reporting process for companies, partnerships and self-employed persons that fall within the specified criteria to use an alternative assurance framework, that is the International Standard on Review Engagements (ISRE) 2400 (Revised) Engagements to Review Historical Financial Statements as issued by the International Auditing and Assurance Standards Board (IAASB).

According to the amendment, to determine whether a Company may apply a review engagement instead of a statutory audit:

the Company must be a private limited liability company (i.e., not a public limited liability company, not a public interest entity, and not subject to regulation and supervision by the Central Bank of Cyprus, the Superintendent of Insurance and the Cyprus Securities and Exchange Commission), **and**

not be required to prepare consolidated financial statements, **and**

both its Net turnover **and** the total value of the assets (gross, not net, i.e. without deducting liabilities) does-not exceed €200,000 and €500,000, respectively, in two consecutive financial years.

It is important to note that the Law includes specific exemptions, for example, for several categories of companies, including:
-companies subject to regulation and supervision by certain independent authorities,
-parent companies required to prepare consolidated financial statements,
-subsidiaries whose parent company must prepare consolidated financial statements.
The amendment is applicable from the 1st of January 2023 to financial statements ending on or after 31 December 2022.
Notwithstanding the above audit exemption, within Company Law see also the below requirements of Income Tax law which effectively obliges all **other** Cyprus companies to obtain an audit of their financial statements.

In an audit, the auditors are required to express an opinion on the financial statements and state the following in the auditors' report:

- Whether they have obtained all the information and explanations which, in their opinion, were necessary for the purpose of their audit.
- Whether, in their opinion, the financial statements give the information required by law, and give a true and fair view of the state of the company's affairs as at the date of the balance sheet and the profit or loss for the financial year ended on the balance sheet date.
- Whether, in their opinion, the information given in the Management Report (previously referred to as “report of the Board of Directors”), if accompanying the financial statements*, is consistent with the financial statements.

*Note – Management Report: For small and medium-sized companies, as defined in the Law (with specific asset, turnover and employees criteria), the report is optional.

Furthermore, auditors in Cyprus have to follow International Standards on Auditing and report as to whether the financial statements comply with International Financial Reporting Standards.
Annual Income Tax Return
Every company resident in Cyprus for tax purposes is required to complete and submit an annual Income Tax Return (TD4) to the Department of Inland Revenue (Cyprus Income Tax Office, CITO).

The annual Tax Return for all Cyprus companies (including small companies) should be based on the Company’s standalone financial statements.

Cyprus Tax Laws require the TD4 to be based on the Company’s audited financial statements and be accompanied by an Auditor's Confirmation of compliance.

UHY IN CYPRUS

UHY Antonis Kassapis Limited

Cyprus

CONTACT DETAILS

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Year established:	1991
PCAOB revistered?	No
Number of partners:	3
Total staff:	6

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BRIEF DESCRIPTION OF FIRM

The company is a medium-sized firm of accountants, auditors and business consultants based in Nicosia, Cyprus. The company was established in 1991 and provides a wide range of services in audit, taxation, accounting and management consultancy. Our specialist areas include business consultancy, specialising in providing the whole package of services required by international companies.

Our clients vary in size and in type of activity. Some of our clients operate exclusively from Cyprus, while others are international. We focus particularly on family or owner-managed businesses, as well as listed companies, which are seeking professional, business and financial advice for their domestic and foreign operations. We also work with international groups, professional partnerships, quoted companies and high net worth individuals needing international tax planning and business consultancy.

UHY Antonis Kassapis Limited has an associate company, CosmoServe, an international business consultancy and corporate services provider. Over the years CosmoServe has developed a wide network of associates and international consultants throughout many countries and jurisdictions and through which they are able to offer the following services:
-International tax consultants
-Lawyers
-Bankers
-Business and management consultants
-Company and trust formation agents
-Investment marketing consultants

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-Marketing and market research consultants
-IT consultants

SPECIALIST SERVICE AREAS

Specialist services are available through our partner CosmoServe (a firm of international business consultants), which include, but are not restricted to the following:
-International business company formation
-International tax planning advice
-Management and administration of companies
-Provision of directors and managers
-Legal compliance and company secretarial services
-Formation of trusts and trustee services
-Ship registration and ship management
-Investment advice
-Banking service

PRINCIPAL OPERATING SECTORS

Holding Companies
International headquarters
Online international business

LANGUAGES

Written level: English, Greek and Russian.
Other spoken languages: Chinese, Ukrainian, Urdu, Romanian and French

CURRENT PRINCIPAL CLIENTS

Confidentiality precludes disclosure in this document.

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

Czech Republic, Hungary, Poland, UK, US, Spain, Slovak Republic, Greece and Israel

BRIEF HISTORY OF FIRM

The company was founded in 1991 for the purpose of providing a comprehensive range of services to international business clients.

The firm joined UHY in 1992, re-branding to add the 'UHY' initials in 2005.

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Downloaded on 05 May 2026. Page 2

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