Client Story: Advantages of Establishing a Cyprus Holding Company

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By **Katrien de Poorter**, 2nd November 2026

An internationally mobile Indian family approached Dixcart with a growing portfolio of overseas assets and investments. As their interests expanded across jurisdictions, so did the complexity of managing ownership, governance, banking and reporting.

The family wanted more than a tax-efficient structure. They needed a stable European base that could bring their international holdings together, strengthen oversight and provide a robust platform for future investment and succession planning.

Working alongside the family and their advisers, Dixcart explored how a Cyprus Holding Company could provide that framework.

What the Family Needed

The Sharma family did not want to treat corporate structuring, banking, reporting, and treaty considerations as separate workstreams. They wanted a joined-up plan that clarified:

- What should be held where (and why),
- How decisions would be made and documented, and
- How cashflows could be managed in a compliant way over time.

Why Cyprus was Shortlisted

In reviewing options, Cyprus stood out as a familiar corporate environment for international investors, with an EU legal and regulatory framework, an extensive double taxation treaty (DTT) network (including with India), and a legal system aligned with English Common Law principles.

Importantly, the family did not view DTT access as automatic. The analysis focused on the commercial purpose of the holding company, beneficial ownership, anti-abuse considerations, documentation, and how the structure would operate in practice.

For an introduction to the wider benefits of the jurisdiction, Why Cyprus is the Ideal Location for Holding Companies explores the key tax and structural advantages available through a Cyprus holding company.

Building the Right Holding Structure, Income Types, and Governance

Dixcart helped the family and their advisers map the structure around the types of returns expected (dividends, interest, foreign exchange gains, and potential exits). This matters because Cyprus tax outcomes depend on facts and conditions, not labels.

At a high level, the family's planning considered typical Cyprus features used in Cyprus company formation discussions, including:

- Corporate income tax framework: Cyprus has a 12.5% standard corporate tax rate, and the Notional Interest Deduction (NID) can potentially reduce the effective rate on qualifying taxable income where conditions are met.
- Exemptions commonly relevant to holding companies: dividend income, certain interest income, foreign exchange gains (outside trading activity), and gains on disposal of securities can be fully or partially exempt, depending on circumstances.
- Withholding tax position: there is generally no Cyprus withholding tax on dividends, interest, or royalties paid to non-resident shareholders, subject to applicable rules and anti-abuse provisions.
- Capital gains scope: capital gains tax is generally limited to Cyprus-situs immovable property (and certain related share disposals), rather than ordinary disposals of foreign investments.
- EU considerations: where relevant conditions are met, EU Directives (including the Parent-Subsidiary Directive) may support efficient profit repatriation within the EU.

Economic Substance

A central requirement was ensuring the Cyprus Holding Company could demonstrate genuine economic substance. That meant focusing on real management and control, appropriate local governance, decision-making processes, accounting and records, and a coherent business rationale. The family saw substance as a long-term advantage: improving bankability, credibility with counterparties, and resilience under scrutiny.

For a more detailed examination of Cyprus holding companies for international investments, business interests and wealth structuring, see The Strategic Benefits of a Cyprus Holding Company for International Investors.

Putting the Plan into a Clear Sequence

- Confirm which assets and subsidiaries would be held via the Cyprus entity, and why.
- Define governance: who decides what, where meetings occur, and how decisions are recorded.

- Model expected income flows (dividends/interest/realisation proceeds) and review treaty implications.
- Implement substance: directors, operating footprint, compliance calendar, and reporting.
- Coordinate banking and ongoing administration to match the operating reality.

The Outcome

The family moved from a fragmented collection of international holdings to a more coherent and professionally governed structure.

The Cyprus Holding Company provided a central framework for managing international investments, improving oversight and supporting longer-term succession planning.

The result was not positioned as a tax outcome, but as a durable platform that could support the family's objectives while meeting OECD and EU expectations.

How We Can Help

International wealth and investment structures work best when tax, governance, substance and administration are considered together.

Our team combines local technical expertise with the strength of the international Dixcart network, delivering clear, practical guidance from formation to ongoing administration.

For more information on establishing a Cyprus Holding Company, please contact: advice.cyprus@dixcart.com.