The Cyprus Corporate Tax Regime: Benefits Available to a Cyprus Company

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By **Katrien de Poorter**, 29th January 2026

Introduction

Cyprus has long been recognised as a leading European business hub, thanks to its strategic location at the crossroads of Europe, Asia, and Africa, and its stable, business-friendly environment. The island offers an attractive platform for international companies seeking to expand, restructure, or establish new operations.

Whether you are relocating your business, setting up a holding company, establishing a family office, or creating an operational or investment structure, a Cyprus company offers a range of advantages that make it a highly competitive choice.

The Headline Benefits

Cyprus offers one of the most favourable corporate tax regimes within the European Union. Some of the headline benefits include:

- 15% corporate tax rate — inline with the OECD prescribed global minimum.
- 0% corporate tax on dividend income received from qualifying subsidiaries.
- 0% capital gains tax, except on:
    - Gains from the sale of immovable property in Cyprus.
    - Gains from companies holding immovable property in Cyprus.
- 0% corporate tax on most types of interest income (except where interest forms part of regular trading activity).
- 0% withholding tax on dividend, interest, and royalty payments to non-resident shareholders (provided the recipient is not based in a jurisdiction on the EU "blacklist").
- 8% flat rate of tax on profits from the sale of "crypto-assets" (sale, exchange, donation, or use as payment).
- Access to EU directives and treaties, including:
    - The Parent-Subsidiary Directive.

- Intra-EU 0% VAT arrangements for qualifying transactions.

These benefits make Cyprus an attractive jurisdiction for holding companies, family offices, and international trading structures.

Additional Tax Planning Opportunities available to Cyprus Companies

The Notional Interest Deduction (NID):

The NID regime allows Cyprus companies that inject new equity into the business to claim a notional tax deduction. This can reduce the effective corporate tax rate to as low as 3%. Read our detailed guide on the NID regime here.

IP Box Regime:

The Cyprus IP Box Regime provides highly favourable tax treatment for companies generating income from qualifying intellectual property (IP) assets. Depending on the structure, the effective tax rate can be reduced to 3%. Read our full article on the IP Box Regime.

Foreign Interest Company:

While a Foreign Interest Company is not primarily a corporate tax regime benefit, it is a popular route for non-EU citizens seeking residency in Cyprus. When combined with the Cyprus non-domicile regime, individuals can enjoy significant personal advantages, including exemptions on dividend and interest income. As well as a quick and efficient route to residency in Cyprus.

Learn more about Foreign Interest Companies

Discover the benefits of the Non-Domicile Regime

Eligibility for Tax Benefits

To benefit from the Cyprus tax regime, a company must qualify as a Cyprus Tax Resident Company. This requires a company to evidence that it is managed and controlled from Cyprus. Showing that is has sufficient economic substance. For a comprehensive overview, see our detailed guide on Cyprus economic substance requirements.

How Can Dixcart Help?

With over 50 years of experience in international tax planning and corporate structuring, Dixcart supports clients at every stage of the process.

We can assist with:

- Company incorporation and ensuring full compliance with Cyprus regulations.
- Ongoing accounting, secretarial, and compliance services.
- Ensuring a tailored approach to efficient planning, optimising your structure and protecting your interests.

Every client's situation is unique. Our team works closely with you to understand your objectives and provide practical, personalised solutions.

If you are considering establishing a Cyprus company or exploring opportunities such as the NID regime, IP Box, or even the Cyprus non-domicile regime, we are here to help.

Contact us at advice.cyprus@dixcart.com and our specialists will guide you through the process.

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