

2026 Cyprus Reference Rates for Notional Interest Deduction

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By **Katrien de Poorter**, 21st August 2026

On 18 March 2026, the Cyprus Tax Department announced the 10-year government bond yield rates for a number of countries as at 31 December 2025. When increased by 5%, these rates can be used as reference rates for calculating the Notional Interest Deduction (NID) for the 2026 tax year.

The NID is an annual tax-deductible expense calculated on 'New Equity' (funds introduced into a company on or after 1 January 2015) used to generate taxable income. Following the increase in the Cyprus Corporate Income Tax (CIT) rate to 15% from 1 January 2026, the NID remains one of the most effective tools for companies to manage their tax burden, with the potential to reduce the effective tax rate.

The application of NID is governed by Article 9B of the Income Tax Law of 2002 as amended. It provides for a notional interest deduction on new equity introduced into Cyprus tax resident companies, or permanent establishments of foreign companies in Cyprus, from 1 January 2015 onwards, provided those funds are employed for business purposes.

For 2026, the reference rate is equal to the 10-year government bond yield as at 31 December 2025, of the country in which the new equity has been applied, increased by 5%. When applied as per the relevant provisions, the NID reference rate results in a notional interest expense that can reduce the relevant taxable profit. The NID is restricted to 80% of taxable profits generated by the application of the new equity.

Key Restrictions:

- **80% Cap:** The NID cannot exceed 80% of the taxable profit generated by the assets funded by the new equity
- **No Tax Loss:** The NID cannot be used to create a tax loss; any excess deduction is lost and cannot be carried forward
- **Asset Matching:** The "Reference Rate" used must match the asset and the country where the equity is actually invested.

The 2025 reference rates that have been announced by the Cyprus Tax Office are set out on the table below.

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Country	10-year Bond Yield (as of 31/12/2025)	2026 M
Cyprus	3.049%	8.04
Abu Dhabi	4.370%	9.37
Albania	N/A	N/A
Albania (Euro)	4.539%	9.53
Angola (USD)	9.953%	14.9
Argentina	6.684%	11.6
Armenia	8.620%	13.6
Australia	4.740%	9.74
Austria	3.100%	8.10
Azerbaijan (USD)	4.512%	9.51
Bahrain (USD)	6.384%	11.3
Belarus (USD)	8.416%	13.4
Belgium	3.350%	8.35
Bermuda (USD)	4.956%	9.95
Bolivia (USD)	13.500%	18.5
Bosnia and Herzegovina	N/A	N/A
Brazil	13.735%	18.7
Brazil (USD)	6.173%	11.1
British Virgin Islands	N/A	N/A
Bulgaria	3.990%	8.99
Cameroon (Euro)	9.175%	14.1
Canada	3.430%	8.43
Cayman Islands	N/A	N/A

Chile	5.383%	10.3
Chile (USD)	4.828%	9.82
Chile (Euro)	3.757%	8.75
China	1.855%	6.85
Colombia	12.633%	17.6
Colombia (USD)	6.960%	11.9
Costa Rica	5.366%	10.3
Croatia	3.151%	8.15
Czech Republic	4.532%	9.53
Denmark	2.750%	7.75
Dubai (Euro)	N/A	N/A
Dubai (USD)	4.446%	9.44
Egypt	19.500%	24.5
Egypt (USD)	7.004%	12.0
Estonia	3.357%	8.35
Ethiopia	N/A	N/A
Finland	3.158%	8.15
France	3.562%	8.56
Georgia	9.837%	14.8
Germany	2.853%	7.85
Ghana	16.120%	21.1
Ghana (USD)	6.872%	11.8
Greece	3.948%	8.94
Guernsey	N/A	N/A
Hong Kong	3.182%	8.18
Hungary	6.279%	11.2
India	6.786%	11.7
Indonesia	6.082%	11.0
Indonesia (USD)	4.943%	9.94
Indonesia (Euro)	3.562%	8.56
Iraq	N/A	N/A
Ireland	3.003%	8.00
Isle of Man	5.182%	10.1
Israel	3.970%	8.97

Israel (USD)	5.007%	10.0
Italy	3.545%	8.54
Ivory Coast	N/A	N/A
Ivory Coast (JPY)	2.979%	7.97
Jamaica (USD)	6.198%	11.1
Japan	2.250%	7.25
Jordan (USD)	6.021%	11.0
Kazakhstan (Euro)	3.875%	8.87
Kazakhstan (USD)	4.820%	9.82
Kenya	12.170%	17.1
Kuwait	N/A	N/A
Latvia	3.704%	8.70
Lebanon	N/A	N/A
Lithuania	3.771%	8.77
Luxembourg	3.136%	8.13
Malaysia	3.492%	8.49
Malta (Euro)	3.550%	8.55
Mauritius	5.610%	10.6
Mexico	9.099%	14.0
Mexico (USD)	5.795%	10.7
Mexico (Euro)	4.546%	9.54
Moldova	N/A	N/A
Montenegro	5.877%	10.8
Morocco	2.856%	7.85
Netherlands	2.965%	7.96
New Zealand	4.397%	9.39
Nigeria	16.810%	21.8
Nigeria (Euro)	N/A	N/A
North Macedonia (Skopje) (Euro)	N/A	N/A
Norway	4.156%	9.15
Oman (USD)	4.884%	9.88
Pakistan	11.951%	16.9
Pakistan (USD)	8.110%	13.1
Panama (USD)	5.685%	10.6

Peru	5.782%	10.7
Philippines	6.112%	11.1
Poland	5.152%	10.1
Portugal	3.182%	8.18
Qatar (USD)	4.336%	9.33
Romania	5.572%	10.5
Russia	N/A	N/A
Russia (USD)	9.472%	14.4
Saudi Arabia	5.396%	10.3
Serbia	5.117%	10.1
Singapore	2.210%	7.21
Slovakia	3.579%	8.57
Slovenia	3.132%	8.13
South Africa	8.179%	13.1
Spain	3.565%	8.56
Sweden	2.797%	7.79
Switzerland	0.295%	5.29
Taiwan	1.398%	6.39
Tanzania	N/A	N/A
Tunisia	N/A	N/A
Turkey	27.030%	32.0
Turkey (Euro)	6.011%	11.0
Turkey (USD)	6.448%	11.4
Ukraine	N/A	N/A
Ukraine (Euro)	N/A	N/A
Ukraine (USD)	13.525%	18.5
United Arab Emirates	N/A	N/A
United Kingdom	4.574%	9.57
United States	4.120%	9.12
Uruguay	7.525%	12.5
Uruguay (USD)	4.880%	9.88
Uzbekistan (USD)	5.381%	10.3
Vietnam	3.545%	8.54
Zambia	17.129%	22.1