

Cyprus expands its Double Tax Treaty (DTT): What businesses need to know

Cyprus continues to strengthen its position as a leading international business and investment hub through the expansion and modernisation of its Double Tax Treaty (DTT) network.

By **Katrien de Poorter**, 7th July 2026

Introduction

Cyprus continues to strengthen its position as a leading international business and investment hub through the expansion and modernisation of its Double Tax Treaty (DTT) network. These treaties help businesses and individuals avoid being taxed twice on the same income while providing greater certainty for cross-border investments and international operations.

Alongside recent domestic tax reforms and alignment with international tax standards, Cyprus is actively broadening its treaty network to support global trade and investment.

What Is a Double Tax Treaty?

A Double Tax Treaty (DTT) is an agreement between two countries designed to prevent the same income from being taxed in both jurisdictions.

These agreements typically:

- Reduce or eliminate withholding taxes on dividends, interest, and royalties.
- Clarify which country has taxing rights over specific types of income.
- Provide greater tax certainty for businesses and investors.
- Help prevent tax evasion and double taxation.
- Encourage international trade and cross-border investment.

For companies operating internationally, DTTs can significantly improve tax efficiency and simplify global business structures.

Recent Developments

- **Cyprus – Oman DTT:** This first-time agreement between the two nations was signed on December 8, 2024, officially entered into force on March 5, 2025 and

took effect on January 1, 2026.

- **Cyprus – Vietnam DTT:** Signed on December 15, 2025 entered into force on June 1, 2026 and will take effect on January 1, 2027. This treaty sets withholding tax rates on dividends, interest, and royalties, boosting economic ties in the Asian region.
- **Cyprus – Curacao DTT:** This first-time DTT was signed on April 23, 2025, entered into force on February 28, 2026 and will take effect as of January 1, 2027.
- **Cyprus – Hong Kong:** Cyprus and Hong Kong signed a Comprehensive Avoidance of Double Taxation Agreement (DTT) on June 12, 2026, to eliminate dual taxation, prevent tax evasion, and promote bilateral trade and investment.
- **Cyprus – France DTT:** The revised DTT was signed on December 11, 2023, and has been ratified by Cyprus. However, it remains pending legislative approval in France and will only become effective once both countries have completed their ratification procedures.
- **Cyprus – Kyrgyz Republic:** Revised agreement was signed on June 8, 2026. It will only become effective on January 1 of the year following the exchange of ratification instrument by both governments.
- **Cyprus and Sweden on Friday signed on July 3, 2026 a protocol updating their bilateral double taxation agreement,** bringing the treaty into line with **OECD international tax standards** and strengthening cooperation on tax transparency and the exchange of information.

Defensive Tax Measures While Cyprus offers an extensive treaty network and attractive participation exemptions, businesses should also consider the country's defensive tax measures.

- Cyprus applies a 17% withholding tax on dividend payments to entities resident in jurisdictions included on the EU list of non cooperative jurisdictions for tax purposes.
- A 5% withholding tax may also apply to dividend payments made to certain low tax jurisdictions, subject to the relevant conditions and exemptions, including those available to listed companies.

These rules may override standard dividend exemptions where the relevant anti avoidance provisions apply. Careful planning is therefore essential to ensure that cross border structures remain both efficient and compliant.

How can Dixcart help you?

For more than 50 years, Dixcart has helped clients with international structuring, company formation, and ongoing corporate management services.

Our team at **Dixcart Management (Cyprus) Limited** combines extensive local expertise with in-depth knowledge of international tax and corporate matters, helping clients navigate cross-border opportunities with confidence.

If you would like to learn more about establishing a Cyprus company, relocating to Cyprus, or how recent treaty developments may benefit your business, please contact

our Cyprus office for further information: advice.cyprus@dixcart.com