Why Cyprus is the Ideal Location for Holding Companies

Cyprus holding companies provide a highly tax-efficient structure for international investments structures.

By **Katrien de Poorter**, 14th May 2026

Introduction

Cyprus holding companies provide a highly tax-efficient structure for international investments structures. The jurisdiction combines an extensive participation exemption regime with zero withholding taxes on profit repatriation fully aligned with EU, OECD and BEPS regulations.

Key Benefits of a Cyprus Holding Company

A holding company is regarded as a tax resident in any jurisdiction where its management and control take place, and in Cyprus this enables the business to access a wide array of benefits.

Cyprus has one of the lowest rates of corporation tax in the EU at 15%. This rate however can be considerably lower if you are eligible to apply for the Notional Interest Deduction (NID) which can reduce your income tax rate to as little as 3%.

In addition, the following sources of income are exempt from corporation tax (this not limited to holding companies):

- Dividend income,
- Interest income, excluding income arising in the ordinary course of business, which is taxed under corporation tax.
- Foreign Exchange (FX) gains except for FX gains arising from trading in foreign currencies and related derivatives.
- Gains arising from the disposal of Securities.

There is also an exemption from withholding tax on dividends paid to non-resident shareholders and no Capital Gains Tax, except on the sale of Cyprus property or shares in a company owning such property.

A Cyprus holding company also has access to the full suite of EU Directives, such as the parent subsidiary directive which aims to exempt dividends and other profit distributions paid by subsidiary companies to their parent company from withholding taxes, and to eliminate the double taxation of such income at the level of the parent company, provided both companies are EU tax residents.

As an added advantage, if you apply for residency and work permits in Cyprus you will get access to the amazing Non-Domicile Tax incentives.

If you would like to know more about residency routes and the benefits of being a Non-Domiciled Tax resident in Cyprus, please contact a member of our team at advice.cyprus@dixcart.com who will be happy to assist you.

For a more detailed look at how Cyprus can support international investments, cross-border business interests and wealth structuring, read The Strategic Benefits of a Cyprus Holding Company for International Investors.

How We Can Help

At Dixcart Cyprus we are dedicated to developing value-adding and fully compliant solutions for our clients when establishing a Cyprus company.

Under the new international regulatory environment, entities without sufficient economic substance have a substantial risk of facing challenges with tax authorities. As such, we only establish companies for our clients whereby we assure that the companies can meet the economic substance requirements.

In order to assist with meeting, the substance requirements we provide accounting and management services to our clients including providing local qualified directors and company secretarial and corporate services. We also offer serviced office space for establishing your company here in Cyprus.

To see how these benefits can be applied in practice, read our Client Story: Advantages of Establishing a Cyprus Holding Company, which follows an internationally mobile family looking to bring its overseas assets and investments into a more coordinated structure.