

## Cyprus Tax Reform: Key Changes from 1 January 2026

The Cyprus Parliament has approved a series of important tax changes, set to take effect from 1<sup>st</sup> January 2026, marking the first major updates to the tax system in over two decades.

### Corporate Tax

The corporate tax rate will rise from 12.5% to 15%, reflecting the first adjustment in 23 years.

### Family and Personal Tax Measures

- New family deductions will be introduced for children, aiming to support households.
- The tax-free threshold for individuals will increase from €19,500 to €22,000.

### Other Tax Measures

- Deemed dividend distribution rules will be abolished.
- Special Defence Contribution on actual dividends will be reduced from 17% to 5%.
- The loss carry-forward period will be extended from 5 to 7 years.

These changes represent a significant update to Cyprus's tax landscape, impacting both individuals and businesses across the island.

We will continue to monitor developments closely and provide updates as more information becomes available.

### How can SPL assist?

With the upcoming tax changes taking effect from 1<sup>st</sup> of January 2026, SPL Audit Cyprus is ready to help individuals and businesses navigate the new framework.

Our team is here to provide practical, tailored advice to ensure you remain fully compliant while optimizing your tax position under the new regulations.

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