



# Tax Agenda Cyprus

November 2025



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No.

Fact

Action

1

#### Tax Reform update

On 18 July 2025, the Ministry of Finance issued six bills for public consultation. The public consultation was closed on 10 September 2025. The bills since then have been revised and have been subject to legal vetting.

Read more: [Tax Reform Initiatives by the Ministry of Finance](#)

Taxpayers should closely monitor the tax reform process and remain aware of any changes that may impact their business operations and tax position.



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#### Defensive measures against low tax and EU blacklisted jurisdictions

In April 2025, the House of Representatives passed a law introducing defensive measures against low tax jurisdictions (LTJ). More specifically, dividend payments made to LTJ will be subject to WHT at the rate of 17%. In addition, interest and royalty payments made to associated companies in LTJ will not be deductible for corporate tax purposes. The measures against LTJ will enter into effect on 1 January 2026.

As part of the same law, the existing provisions providing for WHT on dividend, interest and royalty payments made to companies in EU blacklisted jurisdictions have been amended. In addition, Cyprus has implemented new rules introducing documentation requirements for certain dividend, interest or royalty payments to associated companies, for which no tax is withheld.

Read more: [Cyprus introduces defensive tax measures targeting low-tax and 'blacklisted' jurisdictions](#) & [Cyprus introduces documentation requirements for certain payments to nonresident companies](#)

Taxpayers should be aware of the new provisions and determine the impact on existing arrangements. In addition, taxpayers should understand the new documentation requirements and ensure compliance.



Nov

Dec

Jan

Feb

Use text boxes above the timeline to plan your actions for coming months

Compliance

Risk management

Cash-flow and ETR impact

## No.

## Fact

## Action

### **Income Tax Return for the tax year 2023 for companies and individuals having the obligation to prepare accounts and Transfer Pricing obligations 2023 (TP 2023)**

#### **Income Tax Returns for the tax year 2023**

On 17 June 2025, the Tax Department issued an announcement in relation to the extension of the deadline for the submission of the 2023 Income Tax Return (Form T.D. 4) for companies and for self-employed individuals with an obligation to prepare accounts (Form T.D.1).

This announcement follows the one issued by the Tax Department on 20 March 2025, and refers to the decision of the Tax Commissioner that no monetary charge of €100 will be imposed with regard to the submission of Income Tax Return for companies (Form T.D.4) and for self-employed individuals with an obligation to prepare accounts (Form T.D.1) for the tax year 2023, by persons who do not have an obligation to submit a Summary Information Table, if relevant returns are submitted by 30th of November 2025.

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It is further noted in the announcement that, the deadline for submitting the Income Tax Return for the tax year 2023 by persons who, based on Article 33(10) of the Income Tax Law, have an obligation to submit a Summary Information Table in respect of Controlled Transactions, is also 30 November 2025.

#### **Transfer Pricing Obligations 2023**

For the tax year 2023, companies with intragroup transactions exceeding EUR 5,000,000 for financing transactions and EUR 1,000,000 for other categories (including services, goods, IP-related transactions, and others) are required to prepare a Local File. This obligation applies to liable taxpayers whose transactions with connected persons exceed the applicable thresholds.

Summary Information Table (SIT) shall be prepared by all taxpayers which have controlled transactions, irrespective of the quantum of these arrangements. Companies are required to submit a Summary Information Table (SIT) disclosing their controlled transactions and must do so by November 30, 2025.

Read more: [Income Tax Return for the tax year 2023 for companies and individuals having the obligation to prepare accounts](#)



**No.****Fact****Action****Income tax: Payment of temporary tax for 2025**

As per the Assessment and Collection of Taxes Law, every company or individual (who derives income other than from emoluments), must pay temporary tax estimated on the taxable profit for income (corporate) tax purposes, for the same tax year. The temporary tax on such taxable profits is payable in two equal instalments in August and December.

Read more: [Payment of temporary tax for the tax year 2025](#)

Businesses should proceed with payment of income tax by the respective deadlines.

**4****Clarifications on Immigration Law Enforcement for Non-EU Residency Permits Holders**

The Cyprus Migration Department is now rigorously enforcing immigration law provisions regarding the source of local income for non-EU individuals holding a BCS Temporary Residence Permit.

If you are a BCS employee of a Cypriot company and at the same time serving as a shareholder and/or director of another Cypriot company, this is now permitted only if both entities are part of the same group. This change may have significant implications both for the employment company as well as for you as an employee. It is essential to understand these immigration law provisions to ensure compliance.

Read more: [Clarifications on Immigration Law Enforcement for Non-EU Residency Permits Holders](#)

We encourage impacted persons to review their current arrangements and take immediate steps to ensure compliance.

**5****Blue Card is going live**

Following the recent amendment to the "Aliens and Immigration" law, the Cypriot Migration Department has confirmed that the Blue Card will officially launch on Monday, July 7th, 2025. This initiative is designed to attract highly qualified non-EU nationals to contribute to the Cypriot economy.

- Target Audience: The Blue Card is intended for highly qualified non-EU nationals who are either currently residing legally in Cyprus or planning to relocate.
- Eligible Sectors: Employment opportunities are available in the following sectors: Information and Communication Technology (ICT), Pharmaceuticals, and Shipping.
- Salary Requirements: The minimum annual gross salary has been set at €43,632.
- Validity: The Blue Card will be valid for a maximum of 3 years, with the option for renewal

Read more: [Blue Card is going live](#)

Individuals who would like to obtain a Blue Card should understand the recent amendments in the legislation as to ascertain if eligibility criteria are met.

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**Cyprus introduces Global Minimum Tax for MNE groups and large-scale domestic groups**

On 12 December 2024, the Cyprus House of Representative voted to transpose into law Council Directive (EU) 2022/2523 of 14 December 2022 (Pillar Two Directive) to ensure a global minimum level of taxation for multinational enterprise groups and large domestic groups in the Union (the Law).

The Law introduces an Income Inclusion Rule (IIR) for the financial years starting from 31 December 2023 in line with the Pillar Two Directive. A Domestic Minimum Top-Up Tax (DMTT) and an Undertaxed Profits Rule (UTPR) are also introduced for financial years starting from 31 December 2024.

Cyprus has also consented to all safe harbors, including the Transitional CbCR Safe Harbor as well as a Transitional UTPR Safe Harbor.

The tax authorities are expected to release the relevant notification forms and DMTT, IIR and UTPR returns in the last quarter of the year.

**Read more:** [Cyprus introduces Global Minimum Tax for MNE groups and large-scale domestic groups](#)

Taxpayers affected by the new legislation should ensure compliance with the new legislation and ensure they make all relevant filing within the appropriate timeframes.



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**Tax treaty between Cyprus and Oman**

The treaty between Cyprus and Oman (the 'Treaty') entered into force on 5 March 2025 and generally applies from 1 January 2026.

The Treaty provides for full relief from withholding taxes on dividend and interest payments. Moreover, it provides for a maximum withholding tax of 8% on the gross amount of royalties, provided the recipient is the beneficial owner of such income.

**Read more:** [Tax Treaty Between Cyprus and Oman Enters Into Force](#)

Businesses should remain aware of the new Treaty.



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**Green Taxes updates**

As part of the Cyprus green taxation reform, a number of environmental taxes are currently assessed:

- Tourism tax
- Carbon tax on fossil fuels
- Carbon tax on heavy CO2-Emitting materials
- Landfill tax

The above measures announced are subject to consultation with the EU Commission and are expected to undergo legislation consultation during 2025.

Businesses (and citizens) should monitor the legislative proposals of such new green taxes and understand their impact as well as any compliance obligations.



**Submission of Withholding Taxes & Contributions (Employer's) Return (Form TD7) through the Tax For All (TFA) platform and Access to Tax For All (TFA) System via CY Login Service**

As per the announcement issued on 20<sup>th</sup> August 2025 by the Tax Department, as of Friday, 22 August 2025, and upon the reactivation of the TFA system, the submission of the Withholding Taxes and Contributions (Employer's) Return (Form TD7) and payment of the withheld taxes and contributions will be made exclusively through the TFA system. In addition, the following have been noted:

**1. Annual TD7 Form (Tax Year 2024)**

- Submission Deadline: 31 December 2025.
- Tax Identification Number ("TIN") is not required for every employee.

**2. Monthly TD7 Form (Tax Year 2025)**

- The submission of all monthly TD7 Forms for the year 2025 is mandatory, starting from January 2025, even for months that have already been paid through the Tax Portal.
- A TIN is required for every employee.

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**Deadlines for Submissions of Monthly TD7 Form (Year 2025):**

- For the months January - November 2025 (both inclusive), the filing deadline is 31 December 2025.
- For December 2025, the filing deadline is 31 January 2026.

**Deadlines for Payment of Monthly Withholding Taxes and Contributions (Year 2025):**

- For the months June - November 2025 (both inclusive) the deadline for payment is 31 December 2025.
- For December 2025, the deadline for payment is 31 January 2026.

Any interest and penalties that may have been imposed without considering the above-mentioned deadlines, will be automatically recalculated in TFA by taking into account the above new deadlines.

According to the Tax Department's announcement, taxable persons will be able to access the TFA system via the CY Login service (formerly Ariadne), **starting Friday, 22/08/2025**, with the relaunch of the Tax For All system.

Read more: [Submission of Withholding Taxes & Contributions \(Employer's\) Return \(Form TD7\) through the Tax For All \(TFA\) platform and Access to Tax For All \(TFA\) System via CY Login Service](#)

Businesses should be aware of these changes. Additionally, businesses can now use CYLogin portal to access their TFA account



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**Tax Commissioner has granted an extension for the submission of the VAT Opt-out Form regarding Commercial Leases/Rentals of Immovable Property.**

According to the Circular 2025/05 issued by the Tax Department, lessors who have not previously filed the Form TD 1220 and wish to exercise their right to opt-out of the imposition of VAT on their lease/rental arrangements, now have the opportunity to do so (subject to certain conditions) until 31 December 2025.

Read more: [EY Tax Alert](#)

Taxpayers are encouraged to familiarise themselves with the relevant circular and consider the tax implications of the right-to opt out.



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**EU ETS Maritime Reminder for 2025 Emission Coverage Increased**

From 1 January 2025, shipping companies are reminded that they required to surrender EU ETS allowances for 70% of their verified emissions. This marks the second step in the phased implementation of the EU Emissions Trading System for maritime transport. The obligation applies to ships of 5,000 gross tonnage and above, covering voyages within the EU and 50% of emissions on voyages between the EU and third countries. The percentage will increase to 100% from 2026.

Shipping operators and affected stakeholders are encouraged to review their emissions data, ensure timely reporting under the EU MRV Regulation, and prepare for full ETS compliance by 2026.



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**Extension of VAT exemption to cover Professional (Vocational) Audit Education Providers**

On 12 September 2025, the Council of Ministers issued a new legislative Decree extending the application of VAT exemption to providers of education in subjects aimed at acquiring professional competence under the Auditors Law, leading to a professional qualification awarded by a recognized auditors body.

Professional education providers are encouraged to familiarize themselves with the provisions of the new regulation and consider the VAT implications of this exemption, including any necessary adjustments to invoicing and compliance processes.



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