

# **C. Savva & Associates Outlines Its Advisory Work as Companies and Individuals Adjust to the 2026 Cyprus Tax Reform**

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C. Savva & Associates, the Nicosia-based corporate services and tax advisory firm, has outlined how it is supporting international founders, holding groups and private clients as they adjust to the overhaul of the Cyprus tax system that took effect on 1 January 2026. With the first full tax year under the revised rules now in its final quarter, the firm is reviewing existing structures against the new framework, modelling the effective burden each client now carries and identifying the reliefs that remain available under the amended legislation.

The reform package, approved by the House of Representatives on 22 December 2025 and published in the Official Gazette on 31 December 2025, raised the corporate income tax rate from 12.5% to 15%, bringing the Cyprus headline rate into line with the global minimum tax developed under the OECD's Pillar Two rules. Alongside that increase, the Special Defence Contribution charged on actual dividends paid to Cyprus tax-resident and domiciled individuals fell from 17% to 5%, while the deemed dividend distribution regime, which had required companies to treat a portion of undistributed profits as paid out, was abolished for profits earned from 2026 onward.

Further changes extend well beyond the headline rate. Stamp duty was repealed in full, tax losses may now be carried forward for seven years, and every company incorporated in Cyprus is treated as tax resident on the island unless a double tax treaty provides otherwise. For individuals, the tax-free income threshold rose to ?22,000, and non-domiciled residents may extend their exemption from Special Defence Contribution through a lump sum payment. Additional withholding taxes now apply to dividends paid to entities in blacklisted and low-tax jurisdictions, while new provisions treat the private use of company assets, or transfers to shareholders below market value, as disguised dividends.

According to the firm, the practical effect of these measures varies considerably from one structure to another. Holding companies, owners of intellectual property and founders who draw their income as dividends often find their overall position broadly unchanged, because exemptions for dividend income and gains on securities, together with the relief available for qualifying IP, narrow the taxable base, and the lower dividend charge offsets much of the rise in corporate tax. Trading companies without access to those reliefs, by contrast, tend to feel the higher rate more directly, which has made a structure-by-structure assessment the starting point for most of the advisory work the firm now carries out.

"The headline rate tells only part of the story," said a spokesperson for C. Savva & Associates. "For most of the structures we look after, the real question is how the new rate interacts with the dividend changes, the reliefs that remain and the residence rules, and that answer differs from one client to the next. Cyprus is no longer positioned as the lowest-tax option in Europe, but for holding groups and internationally mobile founders it remains a well-placed EU base, and our role is to show each client exactly where they stand under the new framework."

In practice, the firm's work under the revised system centres on calculating each client's effective tax burden, reviewing provisional tax payments to confirm that they reflect the updated rates, and identifying reliefs that may have been overlooked during the transition. Those reviews are carried out by the firm's tax and accounting team, which includes UK Chartered Accountants, and they draw on its accounting and financial management function so that bookkeeping, filings and dividend planning remain consistent with the amended legislation.

The reform also bears directly on the firm's company formation and administration work. Because incorporation in Cyprus now establishes tax residence by default, new companies and businesses relocating to the island need to be set up with their treaty position and economic substance in mind from the outset, and the firm's fiduciary, administration and substance services address the local directorship, management and governance arrangements that support that position. Clients establishing holding structures, international trusts or alternative investment funds are assessed against the same revised rules before any structure is put in place.

Private clients form a further strand of the firm's activity. Founders and executives relocating to Cyprus through the available residency routes are advised on how the updated personal tax bands, the higher tax-free threshold and the revised non-dom provisions apply to their circumstances, and the firm also provides tax guidance to individuals holding crypto assets, whose gains are now taxed at a flat rate of 8%. As banks and service providers continue to apply stricter onboarding standards, the firm prepares anti-money laundering and know-your-customer files, including source of funds documentation, to support account openings and corporate transactions.

Legal advice connected with the reform is provided through the firm's partner law firm, Nicholas Ktenas & Co., LLC, since C. Savva & Associates does not itself operate as a law firm. The arrangement allows clients to deal with the tax, accounting and legal aspects of a restructuring in a coordinated manner, with each discipline handled by the appropriate professionals.

"A large number of the structures we administer were designed around a 12.5% rate and a deemed distribution regime that no longer exists," the spokesperson added. "Reviewing them before the first full year under the new rules closes gives clients the chance to make adjustments with the complete picture in front of them, rather than discovering the effect only when the accounts are finalised."

C. Savva & Associates is a corporate services, tax and accounting firm founded in Nicosia in 2009, serving international founders, high-net-worth individuals and family offices that establish or manage business interests in Cyprus. Its services cover company formation, fiduciary and administration services, economic substance solutions, international trusts, tax advisory, accounting and financial management, crypto tax advice, residency and immigration support, alternative investment fund services and the preparation of anti-money laundering and know-your-customer files. The team includes UK Chartered Accountants and experienced tax professionals, and the firm is recognised by the ICAEW as an Authorised Training Employer. Its offices are located at Liliana Court, 10 Kyriacou Matsi Avenue, Nicosia, and further information is available at their website.

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