

Savva Cyprus Enhances Company Formation Advisory Services Following 2026 Tax Reform

April 22, 2026

Nicosia, CY - April 22, 2026 - PRESSADVANTAGE -

Savva Cyprus, a corporate services provider specialising in company formation and advisory work for international investors and high-net-worth individuals, has announced an expansion of its company formation and corporate structuring services following the entry into force of the 2026 tax reform. The expanded offering assists incoming investors, holding companies, and family offices in adapting their structures to the new regulatory environment.

The reform, approved by the House of Representatives on 22 December 2025 and effective from 1 January 2026, raises the corporate income tax rate from 12.5 percent to 15 percent in line with the OECD Pillar Two global minimum tax framework. It also introduces an incorporation-based tax residency test, reduces the Special Defence Contribution on dividends from 17 percent to 5 percent, abolishes deemed dividend distribution, extends the loss carry-forward period from five to seven years, and removes stamp duty on most transactions. These measures, alongside revised transfer pricing thresholds, amended anti-abuse rules, and expanded filing obligations, have changed several considerations involved in setting up and operating a company.

In response, Savva Cyprus has restructured its corporate services suite to provide investors with a clearer path from initial jurisdictional review through to post-incorporation compliance. The updated services place emphasis on source of funds and source of wealth documentation, ultimate beneficial ownership disclosures, and KYC onboarding for banking and regulated counterparties, which have become more prominent obligations for new companies under the reform.

A central component of the revised offering is a pre-formation jurisdictional assessment. Under the reform, any company incorporated in the country is automatically treated as a tax resident, irrespective of where its management and control sit. Savva Cyprus has integrated this change into its onboarding process so that prospective clients can consider the practical implications before signing incorporation documents. The firm also advises clients on residency rules, the double tax treaty network, and the defensive tax measures for associated companies in low-tax jurisdictions.

For holding companies and investment vehicles, Savva Cyprus has expanded its structuring work to incorporate the new 15 percent headline rate alongside the reduced dividend Special Defence Contribution, the abolition of the deemed dividend distribution rule, and the continued exemption on gains from the disposal of qualifying shares. The firm has also updated its advisory materials on the Intellectual Property Box regime and the 120 percent research and development super-deduction, which has been extended to 2030 under the reform.

Compliance has emerged as a second area of focus within the updated services. From the 2026 tax year, all tax residents aged 25 and above are required to submit an annual income tax return, partnerships are brought into the mandatory filing net, and documentation supporting tax returns must be retained for six years. Savva Cyprus is offering a review of existing structures to confirm that directors, shareholders, and beneficial owners are positioned to meet the expanded filing requirements.

"The 2026 reform is not a setback, it is a repositioning," said Charles Savva, Managing Director of Savva Cyprus. "At 15 percent, the country continues to rank among the lower corporate tax jurisdictions in the European Union, and several accompanying measures, including the lower Special Defence Contribution on dividends, the repeal of deemed dividend distribution, and the extended loss carry-forward period, will be relevant to international businesses. The firm's role is to help clients understand the full picture, not only the headline rate, and to structure entry accordingly."

Savva Cyprus serves a client base that includes international entrepreneurs, family offices seeking a European holding jurisdiction, fund managers, technology founders, and investors establishing regional headquarters. The firm's advisory model is built around a single point of contact who coordinates legal, tax, accounting, banking, and compliance specialists.

In addition to corporate structuring, the updated service line includes support with crypto asset reporting under the new flat 8 percent regime, transfer pricing documentation against the revised thresholds, and guidance on the traceable payment requirements for rent exceeding 500 euros, which apply from 1 July 2026. The firm has also updated its internal processes to reflect the enforcement powers granted to the Tax Department and the broader General Anti-Abuse Rule introduced as part of the reform.

Several features that have historically drawn international businesses to the jurisdiction remain in place, including the participation exemption on gains from the disposal of shares, the Notional Interest Deduction, and a network of double tax treaties. Savva Cyprus has noted that early planning can help investors preserve existing structures and position new entities for the post-reform environment.

Savva Cyprus is headquartered in Nicosia and provides corporate, tax, and compliance services to international clients establishing or operating companies in the jurisdiction. Further information on the updated company formation services and the 2026 reform is available through the firm's client services team.

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For more information about C.Savva & Associates Ltd, contact the company here: C.Savva & Associates Ltd
Savva Associates 357 22 516 671
info@savvacypus.com
15 Vyzantiou Street Strovolos, Nicosia 2064

C.Savva & Associates Ltd

The Firm is based in Cyprus and specializes in international tax planning, international company formation and international business consulting.

Website: <https://www.savvacypus.com/>

Email: info@savvacypus.com

Phone: 357 22 516 671