Licensed Corporate Services Firm Updates Advisory Practice Following Implementation of Comprehensive Tax Legislation Reform

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Globalserve Consultants Ltd, a licensed accounting and corporate services provider regulated by the Institute of Certified Public Accountants of Cyprus under licence number E495/F/2013, has announced updates to its tax advisory services in response to the tax reform legislation that came into force on 1 January 2026. The firm, which has operated from its Limassol office since 1994 and serves clients across more than 30 international business centres, stated that the reform introduces changes across multiple areas of the tax framework and requires a corresponding adjustment in the scope of advisory support provided to both individuals and corporate clients.

The legislation, approved by the House of Representatives following an extended consultation period, introduced changes to corporate taxation, individual income tax, the Special Defence Contribution regime, capital gains tax, and tax administration procedures. The corporate income tax rate increased from 12.5 percent to 15 percent. For individuals, the tax-free threshold was raised from ?19,500 to ?22,000, and the upper tax bands were revised upward. The reform also introduced a flat 8 percent tax rate on profits arising from the disposal of crypto-assets, extended the loss carry-forward period from five to seven years, and

continued the 120 percent super-deduction for research and development expenditure through 2030.

Among the changes with direct implications for corporate clients are the amendments to the Special Defence Contribution. The SDC rate on actual dividend distributions was reduced from 17 percent to 5 percent for profits generated after 1 January 2026. The deemed dividend distribution mechanism, which previously imposed SDC on undistributed profits, was abolished for profits arising after that date. SDC on rental income was also eliminated. These changes affect the tax treatment of holding structures, dividend repatriation strategies, and investment income planning for entities operating through the jurisdiction.

The reform also introduced administrative and compliance measures. All individuals aged 25 to 70 are now required to submit an annual tax return, regardless of income level. The threshold for mandatory submission of audited financial statements was raised from ?70,000 to ?120,000 in gross income. From 1 July 2026, rental payments must be made via bank transfer or electronic payment, with cash payments prohibited. The deadline for corporate tax return submission was moved from 31 March to 31 January of the second year following the relevant tax year, reducing the compliance window for corporate filers. The Commissioner of Taxation was also granted expanded authority, including the power to request statements of assets and liabilities covering up to six years and to temporarily suspend business operations for up to ten days in cases of non-compliance.

Globalserve Consultants stated that the firm has updated its tax advisory and compliance processes across several service areas to address the new legislative requirements. The changes affect the firm's corporate formation practice, its accounting and VAT department, its payroll and social insurance services, and its advisory work for international clients with holding or operating structures in the jurisdiction. The firm noted that the crypto-asset tax regime, the revised SDC rules, and the compressed corporate filing deadline each require adjustments to client reporting workflows and annual planning cycles.

Dinos Antoniou, CEO and Founder of Globalserve Consultants, commented on the firm's response to the reform. "The 2026 legislation changes the calculation for a significant number of the firm's corporate and individual clients," Antoniou said. "The reduction in SDC on dividends and the abolition of deemed distribution are relevant developments for international holding structures, but the administrative changes are equally important in practice. The compressed filing deadline and the expanded powers of the Commissioner require clients to maintain a higher standard of record-keeping and to engage with their advisors earlier in the annual cycle. The firm has adjusted its processes accordingly."

The stated objective of the reform, as described in the legislation, is to modernise the tax system, enhance transparency and tax fairness, and maintain the jurisdiction's position as an international business centre. The abolition of stamp duty on original documents, effective 1 January 2026, removed a transactional cost that applied to commercial agreements. Capital gains tax exemptions were revised upward, with the general

lifetime exemption increasing from ?17,086 to ?30,000, the agricultural land exemption rising from ?25,629 to ?50,000, and the primary residence exemption increasing from ?85,430 to ?150,000.

Globalserve Consultants is a member of the International Tax Planning Association, the Society of Trust and Estate Practitioners, the International Fiscal Association, and the Cyprus Chamber of Commerce and Industry. The firm provides services across company formation, tax advisory, accounting, payroll, immigration, trust formation, bank account opening, and investment fund administration. Additional information is available by telephone at +357 25 817 181 or by email at marketing@gstaxconsultants.com.

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For more information about Globalserve Consultants Ltd, contact the company here:Globalserve Consultants LtdManager+357 25 817181marketing@globalserve.com.cyGlobalserve Business Centre, Vasili Michaelidi 9, Limassol 3026

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Website: https://www.gstaxconsultants.com/

Email: marketing@globalserve.com.cy

Phone: +357 25 817181