

Legal 500

Country Comparative Guides 2025

Cyprus

Private Client

Contributor



S.A. Evangelou & Co
LLC (the PwC Network
Legal Practice in
Cyprus)

Michael Tsikouris

Advocate, Partner | Head of Legal Practice | michael.tsikouris@pwc.com

Natalie Vassiliou Moustaka

Advocate, Director | Head of Private Client department | natalie.v.moustaka@pwc.com

Angelica Antoniadou

Advocate, Senior Manager | angelica.antoniadou@pwc.com

Ioulia Solomou

Advocate, Associate | ioulia.solomou@pwc.com

Fivia Procopiou

Advocate, Associate | fivia.procopiou@pwc.com

This country-specific Q&A provides an overview of private client laws and regulations applicable in Cyprus. For a full list of jurisdictional Q&As visit legal500.com/guides

Cyprus: Private Client

1. Which factors bring an individual within the scope of tax on income and capital gains?

Income Tax ("IT")

Cyprus tax resident individuals pay IT on their worldwide income.

Non-Cyprus tax resident individuals are taxed on certain types of Cyprus-sourced income.

Capital Gains Tax ("CGT")

The scope of CGT in Cyprus is limited. It is imposed on gains made as a result of the disposal of:

- Real estate in Cyprus (which is not otherwise subject to IT); or
- Shares in a company that directly owns real estate in Cyprus; or
- Shares in a company that indirectly owns real estate in Cyprus, provided that at least 50% of the value of the shares derives from the market value of the real estate.

2. What are the taxes and rates of tax to which an individual is subject in respect of income and capital gains and, in relation to those taxes, when does the tax year start and end, and when must tax returns be submitted and tax paid?

Income Tax ("IT")

The IT rates applicable to individuals are the following:

Chargeable income for the Tax Year	Tax Rate
EUR	%
First 19,500	Nil
From 19,501 - to 28,000	20
From 28,001 - to 36,300	25
From 36,301 - to 60,000	30
Over 60,000	35

Exemption on employment income

Subject to certain conditions, expats relocating to Cyprus may be eligible for 50% / 20% exemption on their employment income. In most cases the exemption applies to new employments in Cyprus. Please see the answers to question 13 below for further detail.

Certain employees and executives of specific investment fund management companies or internally managed investment funds may opt for a different mode of personal taxation so that their variable employment remuneration which is effectively connected to the carried interest of the fund managing entity may, through an annual election, be separately subject to Cyprus tax at the flat rate of 8%, with a minimum tax liability of €10,000 per annum. This special mode of taxation is available for a period of 10 years.

Capital Gains Tax

CGT is imposed (where the disposal is not subject to IT) at a rate of 20% on the gain.

Deadlines

For the purposes of IT, the tax year is the calendar year, i.e. 1 January to 31 December of each year.

The deadlines for:

- employees, pensioners and self-employed individuals not required to prepare audited financial statements:
 - Tax return deadline: 31 July of the following year;
 - IT payment deadline: 31 July of the following year.
- self-employed individuals required to prepare audited financial statements:
 - Tax return deadline: 31 March of the second year thereafter;
 - IT payment deadline: 1 August of the following year.

CGT tax forms should be filed, and CGT paid within one month from the disposal and before the transfer of the immovable property.

Social insurance contributions and healthcare contributions

The social insurance contributions for employees are 8.8% of emoluments by the employee and 8.8% by the employer.

The contributions of self-employed persons are 16.6% of their income.

Contributions to general health system range from 2,65%

to 4,70%.

Both social insurance and healthcare contributions are capped by an annual income ceiling.

3. Does your jurisdiction provide advantageous tax regimes for individuals directly investing in or holding certain types of assets from an income tax or capital gains tax perspective?

Investments in approved innovative enterprises

Amounts invested each year (either directly or, in certain cases, indirectly) in approved innovative small/medium sized enterprises may be claimed as tax deductible for IT purposes. The deduction is capped at 50% of the taxable income calculated prior to claiming this deduction, subject to a maximum deduction of EUR 150,000 per year. Unused deduction can be carried forward and claimed in the following five years, subject to the caps mentioned.

The deduction is currently available up to 31 December 2026.

Investments in audiovisual infrastructure and technological equipment

Individuals investing in audiovisual infrastructure and technological equipment related to the audiovisual industry are entitled to a 20% deduction from their taxable income for the cost of such investment, subject to certain criteria and conditions.

4. Are withholding taxes relevant to individuals and, if so, how, in what circumstances and at what rates do they apply?

Salaries

Employers have an obligation to withhold IT on salaries under the Pay-As-You-Earn system.

Payments to non-Cyprus tax residents

Cyprus does not levy withholding taxes on the payment of dividends or interest to non-Cyprus tax residents.

Payments to Cyprus tax residents

Cyprus tax resident individuals who also have Cyprus domicile are liable to Special Defence Contribution ("SDC") in respect of the following types of income:

- dividends (17%);
- passive interest (17%); and
- rent (reduced by 25% at the rate of 3%).

For Cyprus sourced interest and dividends SDC due is withheld at source.

Cyprus tax resident individuals who do not have Cyprus domicile fall outside the scope of SDC.

5. How does the jurisdiction approach the elimination of double taxation for individuals who would otherwise be taxed in the jurisdiction and in another jurisdiction?

A tax credit is granted in Cyprus for taxes paid abroad, either through a double tax treaty ("DTT") (Cyprus has entered into 68 DTTs) or through unilateral relief (where there is no DTT).

Cyprus signed the Multilateral Convention to Implement Tax Treaty Related Measures ("MLI") to Prevent Base Erosion and Profit Shifting on 7 June 2017. Cyprus also ratified the MLI on 23 January 2020.

6. Is there a wealth tax and, if so, which factors bring an individual within the scope of that tax, at what rate or rates is it charged, and when must tax returns be submitted and tax paid?

In Cyprus there is no wealth tax (gift tax or inheritance tax).

7. Is tax charged on death or on gifts by individuals and, if so, which factors cause the tax to apply, when must a tax return be submitted, and at what rate, by whom and when must the tax be paid?

No tax is charged on death or on gifts by individuals.

The executor/administrator of the estate of the deceased is however required, by the Deceased Persons Estate Law, to submit to the tax authorities a statement of assets and liabilities of the deceased within six months from the date of death. The reason being to enable the tax authorities to consider and finalise any open matters in respect of the tax affairs of the deceased up to the date of his/her death and safeguard payment of any taxes due.

8. Are tax reliefs available on gifts (either during the donor's lifetime or on death) to a spouse, civil partner, or to any other relation, or of particular kinds of assets (eg business or agricultural assets), and how do any such reliefs apply?

The following gifts are exempt from CGT:

- a. from parent to child;
- b. between spouses;
- c. between relatives up to the third degree;
- d. from an individual to a company, where all the company's shareholders are (at the time of the gift), and continue to be for five years thereafter, members of the donor's family (i.e., spouse and/or relatives up to the third degree); and
- e. by a family company to its shareholders, provided such property was originally acquired by the company by way of gift. The property must be kept by the donee for at least three years.

9. Do the tax laws encourage gifts (either during the donor's lifetime or on death) to a charity, public foundation or similar entity, and how do the relevant tax rules apply?

Yes, cash donations to approved charities are deductible for IT purposes.

Gifts of real estate to approved charities are also exempt from CGT.

10. How is real property situated in the jurisdiction taxed, in particular where it is owned by an individual who has no connection with the jurisdiction other than ownership of property there?

In Cyprus there is no immovable property tax.

In Cyprus, there is also a small annual municipal tax on a recorded value of real estate, applicable at a rate not exceeding 0.5% of the value of the real estate.

11. Does your jurisdiction have any specific rules in relation to the taxation of digital assets?

Cyprus does not have any specific rules in relation to the taxation of digital assets.

12. Are taxes other than those described above imposed on individuals and, if so, how do they apply?

The VAT legal framework in Cyprus is fully in line with the European Union ("EU") framework.

In addition to normal business activities which usually constitute the supply of goods and services for VAT purposes, the disposal of real estate may, under certain circumstances, render an individual liable to register as a taxable person for VAT purposes. Subject to certain conditions (e.g., town planning zones) the disposal (by way of sale or otherwise) of real estate for the first time, may be subject to VAT.

13. Is there an advantageous tax regime for individuals who have recently arrived in or are only partially connected with the jurisdiction?

Individuals who have recently arrived in Cyprus can benefit from exemptions on the taxable remuneration on their first employment in Cyprus. An exemption of 50% of the remuneration is available for a "first employment" in Cyprus which commenced from 1 January 2022, with earnings over EUR 55,000, if the individual was not a resident of Cyprus for 15 consecutive tax years immediately prior to the year of commencement of the employment. An employee is considered as exercising "first employment" in Cyprus if the said employee did not exercise any salaried services (including occasional employment) in Cyprus, either for a local or a foreign employer, for a 15-year consecutive period immediately prior to the aforesaid employee taking up employment in Cyprus. For each individual the exemption will apply once in their lifetime for a period of 17 years.

An exemption of 20% (maximum amount of EUR 8,550) of the remuneration for first employments exercised in Cyprus commencing after 26 July 2022, by individuals who immediately prior to the commencement of their employment in Cyprus were not a resident of Cyprus for a period of at least 3 consecutive tax years and were employed outside of Cyprus by a non-resident employer. For each individual the exemption will apply for a period of 7 years, starting from the tax year following the tax year of commencement of employment. Individuals granted the 50% exemption set out above, will not be eligible for this exemption.

In addition, only Cyprus domiciled individuals are liable to pay SDC on their income. An individual is domiciled in Cyprus if they have a domicile of origin or domicile of

choice in Cyprus or if they have been a tax resident in Cyprus for at least 17 out of the 20 tax years immediately prior to the tax year of assessment.

14. What steps might an individual be advised to consider before establishing residence in (or becoming otherwise connected for tax purposes with) the jurisdiction?

Cyprus has successfully transposed into its legal and tax framework all EU Directives on Administrative Co-operation and Mutual Assistance (i.e., DACs 1-6).

The Cyprus House of Representatives has recently voted on the transposition of the council directive on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups (Pillar Two) into Cyprus national law.

15. Once an individual has left (and is no longer connected for tax purposes with) the jurisdiction, does the jurisdiction charge any form of exit tax or retain taxing rights over the individual's directly held assets or structures which they created or have an interest in?

No exit tax is imposed on individuals.

16. What are the main rules of succession, and what are the scope and effect of any rules of forced heirship?

The Succession Laws of Cyprus provide for a mixed system i.e. a system which recognises the right of a person to leave property by will subject to the application of forced heirship rules depending on the personal circumstances of the person e.g. whether married with children or not. Under this mixed system, a deceased may leave part of his/her estate by will to whoever they wish while the rest of their estate will go to their heirs, for example, a married person who has children may only leave 25% of his/her estate freely under his/her will with the remaining 75% being divided between their spouse and children in equal shares (regardless of how the will is drafted). If a person who is married and with children dies without making a will, their entire estate will be divided equally between his/her spouse and children. Different rules apply for single / married couples without children.

17. Is there a special regime for matrimonial property or the property of a civil partnership, and how does that regime affect succession?

Community property is not part of Cyprus Law. The matrimonial property regime in Cyprus recognises that each spouse's property is his or hers (i.e. personal) even if acquired after marriage. The matrimonial property rules are triggered only on divorce and such rules do not apply to all property. If the property of one spouse has increased due to the contribution of the other spouse, the other spouse may claim part of the value of the increased property. The (rebuttable) presumption is that the claiming spouse is entitled to 1/3rd of the increased value unless it is proven that the contribution was more or less.

Under Cyprus Law, marriage settlements/agreements for the distribution of property of the spouses, concluded prior to the marriage/separation of the spouses, are not binding; the Cyprus Family Courts are bound to disregard them. In principle pre/postnuptial agreements are not recognised and enforced in Cyprus. However, a foreign judgement recognising a pre/postnuptial agreement and regulating potential property claims between spouses, subject to certain requirements being satisfied, may be recognised and enforced in Cyprus.

EU Matrimonial Property Regulation (2016/1103) ("MPR")

Since 2019, in case of divorce proceedings in Cyprus, the MPR forms part of the legal framework regulating the determination of property rights of spouses with cross-border or international connections.

The MPR provides a universal application and establishes that the applicable law designated shall be applied whether or not it is the law of an EU Member State and regardless of where the assets are located. As a result of the MPR coming into force in Cyprus, prenuptial or postnuptial agreements may now be recognised and enforced by Cyprus Courts.

The Civil Partnership Law (184(I)/2015) provides that the institution of civil partnerships are recognised under Cyprus law and are afforded the same protection as spouses under the Cyprus Marriage Law.

18. What factors cause the succession law of the jurisdiction to apply on the death of an individual?

Cyprus is bound by the EU Succession Regulation 650/2012 ("Succession Regulation").

The general rule established is that the succession of a person who has a connection with an EU Member State is governed by the succession laws of their country of habitual residence or country of their citizenship (if a choice for the latter is made) irrespective of where their assets are situated.

If there is no cross-border connection, then the Cyprus succession rules will apply to persons who have Cyprus Domicile.

19. How does the jurisdiction deal with conflict between its succession laws and those of another jurisdiction with which the deceased was connected or in which the deceased owned property?

From the Cyprus Law perspective such issues will be dealt with in accordance with the provisions of the Succession Regulation i.e. by the laws of habitual residence or, if chosen, nationality. Cyprus has bilateral agreements with non-EU Member States which regulate succession matters regarding the recognition of wills, enforcement of relevant court orders and other legal declarations.

20. In what circumstances should an individual make a Will, what are the consequences of dying without having made a Will, and what are the formal requirements for making a Will?

If a person dies intestate, the forced heirship rules of Cyprus will apply and specific heirs will inherit the entire net estate. Having a will in place allows the testator to leave a percentage of his/her estate freely. When a person dies testate, a grant of probate must be obtained by the executor of the will.

In order for a will to be valid under Cyprus Law:

- 1) The testator and witnesses must be of sound mind and at least 18 years old.
- 2) The will must be in writing and executed at the end by the testator (or by some other person on their behalf, in their presence and by their direction).
- 3) The signature must be made in the presence of two witnesses present at the same time and such witnesses shall sign/initial each sheet and shall sign the will in the presence of the testator.

21. How is the estate of a deceased individual administered and who is responsible for collecting in assets, paying debts, and distributing to beneficiaries?

In the event a person dies intestate, a close relative has to apply to the Court for letters of administration i.e. to appoint an administrator of the estate. In the event that a person dies testate, the executor must apply to the courts for a grant of probate.

The executor or administrator must file several documents at Court together with the application. Once formally appointed, the executor or administrator must collect all information regarding the assets and liabilities of the estate, file statements at the Court declaring this information and update the Court on the course of the administration procedure.

The executor or administrator must pay any taxes due to the authorities and obtain discharge from the tax authorities. Thereafter, they can distribute the estate to the heirs, file final accounts at Court and close the administration.

22. Do the laws of your jurisdiction allow individuals to create trusts, private foundations, family companies, family partnerships or similar structures to hold, administer and regulate succession to private family wealth and, if so, which structures are most commonly or advantageously used?

The Cyprus International Trust ("CIT") Law offers international families the opportunity to create trusts with advantageous features. Cyprus residents may create trusts as well. The same principles equally apply to such trusts although such trusts do not enjoy all the advantages of a CIT.

Companies Limited by Guarantee ("CLG") can provide an alternative to trusts and foundations and may provide increased asset protection where required because of their nature. The main features of CLGs are:

1. Limited liability for members up to the amount they undertake to pay in the event of winding up;
2. Members not having a property right;
3. Easy entry/exit in the company;
4. No capital required;
5. DTT protection.

23. How are these structures constituted and what are the main rules that govern them?

A CIT is established under the Cyprus International Trusts Law of 1992 (as amended). The provisions of the CIT are set out in an instrument, usually in a trust deed, which is a legal document between the Settlor and the Trustees, setting out the terms and conditions of the trust, including the specification of assets within the trust and the powers and responsibilities of the Trustees.

To be eligible for a CIT, the Settlor and the Beneficiaries must not be tax resident in Cyprus in the calendar year preceding the creation of the trust and at least one Trustee must be tax resident in Cyprus for the duration of the trust.

The CLG, as with other Companies under Cyprus law, is incorporated and registered with the Registrar of Companies in Cyprus ("Registrar") in accordance with the Companies Law. The constitutional documents (namely the Memorandum and Articles of Association) must be signed by the original member(s) and a minimum of one director and a secretary appointed.

24. What are the registration requirements for these structures and what information needs to be made available to the relevant authorities? To what extent is that information publicly available?

The constitutional documents, details of the directors, secretary, registered office and shareholders of Cyprus companies are publicly available on the Registrar's website or through a search. Details of the ultimate beneficial owners, if different from the shareholders, are not publicly available.

The Registrar maintains a beneficial ownership register ("BO Register"). The BO Register is a centralised register that contains information about the beneficial owners of Cyprus entities.

The Trustees of a trust governed by Cyprus Law must register certain details of the trust with their relevant Regulatory Authority.

The Trustees (when resident or domiciled in Cyprus or when resident in a third country or jurisdiction and enter into a business relationship or acquire real estate in Cyprus) must register details of the trust and parties to the trust in the Cyprus Trusts and Beneficial Ownership Register ("CyTBOR").

25. How are such structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?

Trusts

The Tax Commissioner in Cyprus (i) treats trusts as tax transparent (i.e. trusts are not treated as tax entities) and (ii) taxes the Trustee(s) as agent(s) of the Beneficiaries.

However, the Settlor of the trust may be liable to tax for any taxable income or taxable gain attributed to a minor Beneficiary.

In relation to CITs:

(i) Where the Beneficiary is resident in Cyprus, the income and profits of a CIT which are earned or deemed to be earned from sources within and outside of Cyprus, are subject to every form of taxation imposed in Cyprus; and

(ii) Where the Beneficiary is not a resident of Cyprus, the income and profits of a CIT which are earned or deemed to be earned from sources within Cyprus, are subject to every form or taxation imposed in Cyprus.

Foundations

IT Law provides that the income of any non-for-profit organisation including a foundation, or a company formed exclusively for the purpose of promoting art, science or sport, not involving the acquisition of profit by such company or by its individual members, and whose activities are confined solely to that purpose, should be exempt from IT (subject to the conditions imposed by the Council of Ministers).

Foundations may also be subject to SDC.

CLGs

CLGs are subject to IT law. The exemption from IT relating to charities applies to charitable CLGs as well.

26. Are foreign trusts, private foundations, etc recognised?

Foreign trusts and foreign private foundations are recognised in Cyprus. Cyprus is a member of the Hague Convention on the Law applicable to Trusts and on their Recognition. Foreign Private Foundations are recognised in Cyprus and may hold assets situated in Cyprus.

27. How are such foreign structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?

Foreign Trusts

In terms of IT, the crucial test for the tax treatment of any income is the tax residency of the Beneficiaries. In terms of CGT, the crucial test for the tax treatment of any capital gain is the location of the real estate which must be in Cyprus.

Foreign Foundations

Where the structure has a separate legal personality and the fiduciary (whether the donor and/or Beneficiary or a third person) is Cyprus tax resident and effectively manages and controls the structure, tax implications may arise in Cyprus.

28. To what extent can trusts, private foundations, etc be used to shelter assets from the creditors of a settlor or beneficiary of the structure?

The Cyprus Legal System provides a number of wealth holding options which can provide asset protection.

The CIT which has specific firewall provisions providing that a creditor may only bring a claim on the grounds of defraud of a creditor within the first two years following the transfer of assets to the Trustees of a trust is one. The use of discretionary trusts or protective trusts are other examples.

The CLG is another excellent option as is a normal company. Asset protection may be achieved with purpose planning and the creation of special members' rights.

29. What provision can be made to hold and manage assets for minor children and grandchildren?

Trusts offer an effective way to plan for minor children and grandchildren. The Settlor may determine the purposes and terms of the trust based on their own specific and personal circumstances. Checks and balances may be also put in place by appointing a Protector(s) with an oversight role and with certain powers (e.g., to approve certain decisions or to provide their consent before the exercise of certain Trustee powers).

30. Are individuals advised to create documents or take other steps in view of their possible mental incapacity and, if so, what are the main features of the advisable arrangements?

In Cyprus it is not possible to appoint (via a lasting power of attorney or otherwise) a personal representative or an agent to manage the affairs of a person who (permanently/temporarily) becomes incapable of acting because of an accident or serious illness or other reason. In such a case, a personal representative must be appointed through the Court (and such a procedure is not always pleasant, easy or quick).

This personal representative is accountable and must report to the Court at regular intervals. An administrator in such cases is appointed at the application of any parent, child or other relative or person who has a legitimate interest.

Cyprus has ratified the Hague Convention on the International Protection of Adults. Accordingly, Cypriots having an international connection with countries that have also ratified this Convention and foreigners who have a Cyprus connection, may issue lasting powers of attorney to their attorneys to deal with their affairs following their incapacity which will be recognised and be given full effect in Cyprus.

31. What forms of charitable trust, charitable company, or philanthropic foundation are commonly established by individuals, and how is this done?

A charitable entity established by individuals commonly takes the form of either a company limited by guarantee which is registered with the Registrar, a foundation which is registered with the Commissioner or a charitable trust which is usually recorded in a trust deed setting out the purposes of the trust.

32. What is the jurisdiction's approach to information sharing with other jurisdictions?

All Registers in the EU, including those kept in Cyprus in line with EU law, are interconnected with a Central Platform kept by the EU. Being an EU Member State, Cyprus is bound by EU legislation on cooperation for tax matters to share information with other Member States. Furthermore, Cyprus has a wide network of DTTs with many countries which also provide for sharing of information.

33. What important legislative changes do you anticipate so far as they affect your advice to private clients?

In Cyprus currently there is no legal framework for private foundations (the law currently provides for non-profit/charitable foundations). A bill to introduce private foundations has been put for consultation in recent years.

Contributors- S.A. Evangelou & Co LLC*

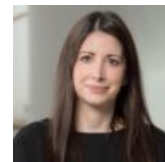
Michael Tsikouris
Advocate, Partner
Head of Legal Practice

michael.tsikouris@pwc.com



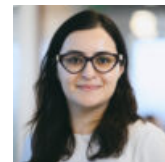
Natalie Vassiliou Moustaka
Advocate, Director
Head of Private Client department

natalie.v.moustaka@pwc.com



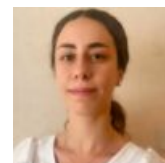
Angelica Antoniadou
Advocate, Senior Manager

angelica.antoniadou@pwc.com



Ioulia Solomou
Advocate, Associate

ioulia.solomou@pwc.com



Fivia Procopiou
Advocate, Associate

fivia.procopiou@pwc.com



*A member firm of PricewaterhouseCoopers International Limited (PwCIL) and part of the PwC's Tax and Legal Services Network providing Legal Services in Cyprus.