



A GUIDE FOR PRIVATE CLIENTS & THEIR ADVISERS

Cyprus

A Structuring Guide

Company Formation, Tax Residency & International Trusts

oneworld
GLOBAL BUSINESS SERVICES

Why Australian Businesses & Private Individuals Are Looking to Cyprus

Australian businesses and private individuals are increasingly looking to Cyprus as an entry point into the European Union. The appeal is straightforward. A competitive tax environment, a legal system rooted in English common law, and a business culture that is comfortable working with foreign, non-resident owners and directors.

The interest spans for more than one type of client. Australian businesses use Cyprus as a stepping stone into EU markets; investors and family offices are drawn to its residency pathways and its trust and succession framework. Australian individuals relocating or restructuring their affairs are attracted by a tax regime that rewards genuine, well-documented residency rather than complex domestic planning. Company registration activity in Cyprus has remained strong in recent years, reflecting sustained demand from foreign founders and investors, Australians increasingly among them.

Documents issued in Australia need to be properly authenticated before Cyprus authorities will accept them, and genuine local substance — not simply a registered address — matters for tax residency purposes. The sections that follow set out what Cyprus actually offers, structured around the questions we are asked most often by clients and their advisers, from Australia.



Tax Advantages at a Glance

Cyprus combines one of the most competitive tax frameworks in the EU for companies with one of the most favourable regimes in Europe for internationally mobile individuals. The sections that follow cover each in more detail.

FOR COMPANIES

- ✓ 15% corporate tax rate — still one of the most competitive in the EU, even after the 2026 reform
- ✓ No withholding tax on dividends paid to non-resident shareholders
- ✓ Participation exemption on qualifying dividend income
- ✓ Extensive double tax treaty network (67+ treaties)
- ✓ SDC on dividends reduced from 17% to 5% under the 2026 reform

FOR INDIVIDUALS (Non-Domiciled Tax Residents)

- ✓ No tax on dividend or interest income (typically for 17 years)
- ✓ No tax on capital gains from the sale of securities
- ✓ No inheritance tax
- ✓ €22,000 personal tax-free threshold under the 2026 reform
- ✓ Tax residency achievable in as little as 60 days a year (see Section 03)

FOR TRUSTS & STRUCTURES

- ✓ No Cyprus estate or inheritance duty on assets transferred via trust
- ✓ Trustees are not taxed on trust income or gains in their capacity as trustee
- ✓ Non-Cyprus-resident beneficiaries taxed only on Cyprus-source income



Cyprus Company Formation

Cyprus remains one of the most established EU jurisdictions for holding, trading, and IP-holding structures, combining a competitive tax framework with full access to the EU single market.

TYPICAL STRUCTURES



Holding companies for EU-facing investments or subsidiaries



IP holding vehicles for businesses expanding into European markets



Investment holding structures consolidating international assets



Joint venture or trading vehicles for EU market entry

WHY CYPRUS FOR COMPANY FORMATION

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|----|--------------------------|--|
| 01 | 15% Corporate Tax | Competitive within the EU, even after the 2026 increase |
| 02 | No Dividend WHT | No withholding tax on dividends paid to non-resident shareholders |
| 03 | 67+ Tax Treaties | Extensive double tax treaty network |
| 04 | EU Passporting | Full passporting rights across the single market |
| 05 | Common Law System | English is the language of business; legal system rooted in English common law |

REGULATORY FRAMEWORK

Cyprus company incorporation and administration is governed by the Cyprus Companies Law (Cap. 113) and supervised by the Registrar of Companies. Corporate administration services are regulated under the Regulation of Administrative Service Providers Law of 2012, requiring licensing by the Cyprus Securities and Exchange Commission (CySEC).

Oneworld Limited, a member of the Oneworld Group, is a licensed Administrative Service Provider under the 2012 Law, authorized to provide company formation, administration, and directorship services. **Licence No. 149/196.**

The 60-Day Rule

Cyprus is one of the few jurisdictions where an individual can become tax resident without spending most of the year there.

QUALIFYING CONDITIONS

- ✓ Spends at least 60 days in Cyprus during the tax year
- ✓ Does not spend more than 183 days in any other single country
- ✓ Maintains a permanent home in Cyprus (owned or rented)
- ✓ Carries on business, is employed, or holds a directorship in a Cyprus company

WHY THIS MATTERS

It allows EU tax residency to be layered onto an existing life and business base elsewhere — a fit for internationally mobile executives, investors with EU interests, and individuals planning ahead of a relocation or a major liquidity event.

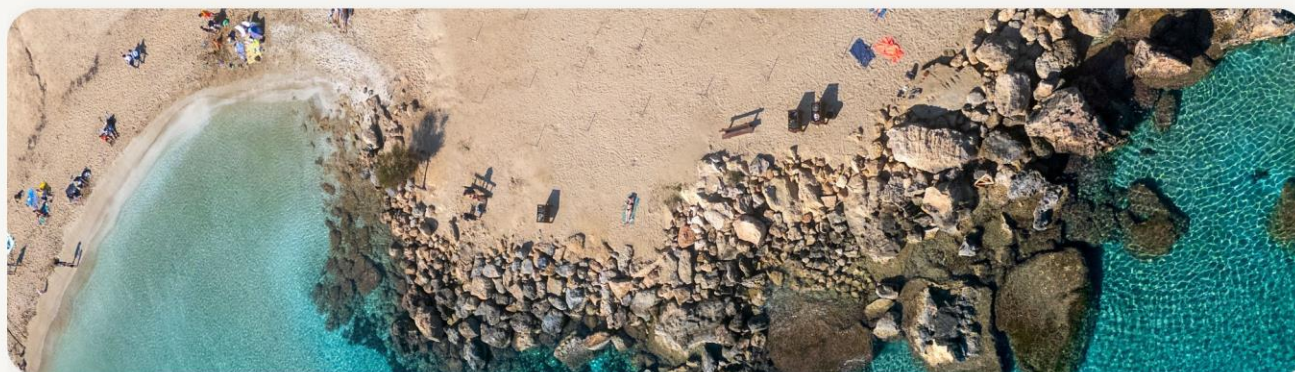
HEADLINE BENEFITS ONCE RESIDENT (Non-Domiciled Status)

No tax on dividend or interest income (typically for 17 years)

No tax on capital gains from the sale of securities

No inheritance tax

€22,000 personal tax-free threshold under the 2026 reform





The Cyprus International Trust

The CIT is built on English common law principles under the Trustees Law (Cap. 193) and the International Trusts Law of 1992 (as amended in 2012) — familiar territory for common law-trained advisers and clients.

Formation & Requirements

The settlor and beneficiaries must not have been Cyprus tax residents in the year preceding formation. At least one trustee must be a permanent Cyprus resident throughout the trust's life.

1

Legal Strength & Protection

Foreign succession rules, forced heirship provisions, or foreign court judgments do not affect the validity of a CIT. Validity can only be challenged on grounds of fraudulent transfer, within two years of that transfer.

2

Confidentiality

Trustees are bound by strict confidentiality and may not disclose information about the trust, settlor, or beneficiaries except where required by law or court order.

3

Reserved Powers & Flexibility

A settlor may retain specific powers without affecting validity: revoke or amend the trust, instruct trustees, appoint or remove trustees and protectors, change governing law, or migrate the trust's seat.

4



Duration, Taxation & Trust Types

KEY BENEFITS OF A CYPRUS TRUST

- ✓ Asset protection
- ✓ Flexible tax planning
- ✓ Avoiding the costs and delays involved in probate and estate administration
- ✓ High confidentiality

WHERE THIS FITS

- Multi-generational wealth transfer planning
- Asset protection ahead of a relocation, business sale, or liquidity event
- Consolidating internationally held assets under one governing structure
- Pre-immigration planning ahead of a future EU move

DURATION & TAXATION

A CIT may have unlimited duration, with income and gains accumulating without time restriction unless the trust deed provides otherwise.

Trustees are not taxed on trust income or gains in their capacity as trustee. Non-Cyprus-resident beneficiaries are taxed only on Cyprus-source income. There is no Cyprus estate/inheritance duty on asset transfers via trust.

TRUST TYPES AVAILABLE

01	Discretionary Trusts	Most common — maximum flexibility for trustees over distribution
02	Charitable Purpose Trusts	Capital used exclusively for charitable or public-benefit purposes
03	Interest in Possession Trusts	A named beneficiary holds an absolute right to trust income
04	Fixed Interest Trusts	Pre-determined terms set by the settlor for a named beneficiary



The 2026 Tax Reform & Treaty Position

Cyprus implemented its most significant tax reform in two decades, effective 1 January 2026 — a natural, timely reason to raise Cyprus in a client conversation.

KEY CHANGES

Corporate income tax increased from 12.5% to 15%, aligning with the OECD global minimum tax framework

SDC (Special Defence Contribution) on dividends reduced from 17% to 5%

Deemed dividend distribution abolished for profits earned from 2026 onward

Personal tax-free threshold raised to €22,000, with revised income tax brackets

Loss carry-forward period extended from 5 to 7 years

Non-domicile regime exemptions preserved for internationally mobile individuals



A NOTE ON THE AUSTRALIA-CYPRUS TREATY POSITION

Cyprus and Australia do not currently have a double tax treaty in force. Bilateral negotiations were announced in 2022, with talks intended to begin in 2024, but no treaty has been concluded to date.

We will inform our partners of any developments.



Cyprus vs Australia — Tax Residency

CORPORATE TAXATION

	CYPRUS	AUSTRALIA
Corporate tax rate	15% flat, all companies	30% standard; 25% for "base rate entities" (turnover < AUD \$50m, ≤80% passive income)
Capital gains (companies)	Exempt on disposal of securities; CGT applies only to Cyprus immovable property (or shares deriving value from it)	Included in assessable income; taxed at the 30%/25% corporate rate, no discount
Dividend withholding (outbound)	None on dividends paid to non-resident shareholders	Generally none on fully franked dividends; up to 30% on unfranked, subject to treaty relief

INDIVIDUAL TAXATION

	CYPRUS	AUSTRALIA
Residency threshold	60 days + conditions	Resides / domicile / 183-day / superannuation tests
Personal tax-free threshold	€22,000 (2026 reform)	AUD \$18,200
Top marginal personal rate	Progressive, with non-dom exemptions on passive income	45% (income over \$190,000) + 2% Medicare levy
Dividend / interest income	Exempt for qualifying non-dom residents (~17 years)	Taxed at marginal rate (worldwide income)
Capital gains (individuals)	Exempt on disposal of securities	Included in assessable income at marginal rate; 50% CGT discount if asset held over 12 months
Inheritance / estate tax	None	None — Australia has no federal inheritance or estate tax
Double tax treaty between the two	Not currently in force (see previous page)	Not currently in force (see previous page)

Note: figures above reflect Australian tax residents. Australian non-residents face different rules — no tax-free threshold, a flat 30% rate on income up to \$135,000 (then 37%/45%), and tax generally limited to Australian-sourced income and gains.

This table is a high-level illustration for adviser discussion purposes only, based on publicly available rates and thresholds as of September 2026. Individual circumstances — residency history, entity structure, asset location, and applicable elections — materially affect the actual tax position in either jurisdiction, and rates and thresholds are subject to change by either government. This is not a substitute for individual tax advice from a qualified adviser in Cyprus and/or Australia.



Your One-Stop Shop for Cyprus

Oneworld is a licensed fiduciary services group offering the full range of services a client needs to relocate to, invest in, or structure through Cyprus — coordinated under one roof, with a single point of contact throughout.

40+

YEARS SERVING INTERNATIONAL CLIENTS

149/196

ONEWORLD GROUP CYSEC LICENCE

Immigration & Relocation

Residency and citizenship programmes, permit applications, and relocation support.

Financial Compliance & Reporting

Accounting, VAT and regulatory compliance, international tax advisory, and IFRS reporting.

Corporate Services

Company formation, administration, directorship, and registered office services.

Trust & Fiduciary

Cyprus International Trusts, trustee services, and succession structuring.

Fund Administration

Fund set-up and ongoing administration for investment structures.

Legal Services

In-house legal capability across corporate, regulatory, and private client matters.

GETTING STARTED

Cyprus continues to attract individuals and businesses seeking EU tax residency, trust and succession structures, and company formation within a common law-influenced legal system. Oneworld has supported international clients with Cyprus structuring for over 40 years — company formation, tax residency applications, trust and fiduciary services, and ongoing compliance and administration.

If you are considering Cyprus for tax residency, trust planning, or company formation, we'd welcome the opportunity to discuss your circumstances.