

The Income Tax (Amendment) (No. 4) Law of 2025 is issued by publication in the Official Gazette of the Republic of Cyprus in accordance with Article 52 of the Constitution.

Number 244(1) of 2025
LAW AMENDING THE INCOME TAX LAWS
LAWS OF 2002 TO (NO. 3) OF 2025

Preamble. WHEREAS, tax reform constitutes one of the most fundamental challenges for any economy seeking sustainable growth and social cohesion,

AND WHEREAS, traditional tax mechanisms often prove insufficient to meet the needs of the state and citizens,

AND WHEREAS, the adoption of a comprehensive tax reform aims to reshape the tax system, so that it responds with greater flexibility, fairness and efficiency to modern economic and social requirements,

AND WHEREAS, tax reform includes the revision of tax rates and the reduction of the tax burden for households and businesses, the granting of targeted relief based on social criteria, the promotion of research and innovation, the fight against tax evasion and tax avoidance, the strengthening of tax compliance through the improvement of tax administration,

AND WHEREAS, at the same time, the aim is to ensure a fairer tax system, which would burden the different economic strata proportionally and strengthen tax justice, while reducing inequalities,

AND WHEREAS, the adoption and implementation of the tax reform further strengthens and strengthens the tax framework to ensure tax justice in general, based on equal participation in public burdens, and at the same time contributes to strengthening competitiveness, creating a more favorable environment, in a way that, on the one hand, benefits businesses and, on the other hand, attracts investments,

AND WHEREAS, the adoption and implementation of the tax reform ensures and further strengthens the effective and optimal collection of taxes due and public revenues,

For all of the above reasons, the House of Representatives votes as follows:

Summary title. 1. This Law shall be cited as the Income Tax (Amendment) (No. 4) Law of 2025 and shall be read together with the Income Tax Laws of 2002 to (No. 3) of 2025 (hereinafter referred to as "the principal law") and the principal law and this Law shall be cited together as the Income Tax Law of 2002 to (No. 4) of 2025.

118(1) of 2002
2301) of 2002
1621) of 2003
195(1) of 2004
92(1) of 2005
113(1) of 2006
801) of 2007
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32(1) of 2009
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116(1) of 2011
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261) of 2013
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 801) of 2020
 951) of 2020
 151(1) of 2020
 179(1) of 2020
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 31(1) of 2021
 1781) of 2021
 1931) of 2021
 311) of 2022
 771) of 2022
 89(1) of 2022
 101(1) of 2022
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 1210) of 2022
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 51(1) of 2023
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 138(1) of 2023
 1601) of 2023
 451) of 2024
 52(1) of 2024
 164(1) of 2024
 371) of 2025
 471) of 2025
 219(1) of 2025.

Amendment
 of article 2
 of the basic
 law.

2. Article 2 of the basic law is amended as follows:

(a) By replacing the definition of the term "resident of the Republic" with the following definition:

"Resident of the Republic" -

(a) in the case of an individual means -

(1) a person who remains in the Republic for one or more periods exceeding in the aggregate one hundred and eighty-three (183) days in the tax year; or

(1) an individual who does not stay in another state for one or more periods exceeding in the aggregate one hundred and eighty-three (183) days within the same tax year, provided that he cumulatively meets the following:

(aa) remains in the Republic for at least sixty (60) days in the tax year

(bb) carries on any business in the Republic and/or is employed in the Republic and/or holds an office in a person who is a tax resident of the Republic at any time during the tax year:

It is understood that an individual is not considered to meet the provisions of subparagraph (bb) if during that year the exercise by him of any business in the Republic and/or his employment in the Republic and/or his holding of office in a person tax resident of the Republic is terminated.

(cc) maintains a permanent residence in the Republic which is owned or rented by the individual.

For purposes of calculating the days of residence in the Republic-

(a) the day of departure from the Republic is considered a day outside the Republic

(b) the day of arrival in the Republic is counted as a day in the Republic

(c) arrival in the Republic and departure from the Republic on the same day shall be counted as one day in the Republic and

(d) departure from the Republic and return to the Republic on the same day is counted as one day outside the Republic.

(b) in the case of a company means -

(i) a company whose control and management are exercised in the Republic or

(ii) a company incorporated in the Republic under the Companies Law, unless a double taxation agreement provides otherwise:

It is understood that a company that has transferred its registered office or headquarters to the Republic is considered to have been incorporated in the Republic.

The terms "non-resident" and "resident outside the Republic" shall be interpreted accordingly *
and

(b) by adding, in the appropriate alphabetical order, the following new term and its definition:

"Official
Her newspaper
EU: L 150, 9.6.2023,
p. 40.

"Regulation (EU) 2023/1114" means the act of the European Union entitled "Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937", as amended or replaced from time to time".

Amendment of
article 5 of the
basic law.

3. Article 5 of the basic law is amended as follows:

(a) By amending subsection (1) as follows:

(i) By replacing paragraph (b) with the following paragraph:

"(b) any income, profits or other benefits, whether pecuniary or otherwise, provided or granted in connection with any office or employment to the person holding the office or providing the employment or to any member of his family, including

- (i) the estimated annual value of accommodation, housing, home or food;
- (ii) any allowance
- (iii) a benefit provided as an incentive for accepting employment or appointment to a position, including such benefit provided before the commencement of employment or appointment to a position;
- (iv) a gratuity granted gratuitously upon retirement or early retirement or the expiration or early termination of an employment contract or appointment to a position;
- (n) benefit granted under an Early Retirement Plan for Employees;
- (vi) compensation for the termination of employment or appointment to a position, the payment of which is not provided for in an employment contract or appointment to a position or in a collective agreement or regulations or in any other terms governing the employment or appointment to a position;
- (vii) any other benefit granted under an employment contract or an appointment contract to a position or under a collective agreement or regulations or any other conditions governing employment or appointment to a position:

It is understood that amounts receivable, including compensation, which are paid in accordance with a court decision and which relate to any of the subparagraphs (i) to (v) constitute the subject of the tax within the relevant subparagraph and are taxed accordingly.";

- (ii) by adding in paragraph (g), immediately after the phrase "to directors or" (fourth line), the phrase "directly or indirectly"; and
- (iii) by replacing at the end of the proviso to paragraph (g) the period with a semicolon and adding, immediately thereafter, the following new paragraphs:

"(h) profit from transactions in cryptocurrencies falling within the provisions of article 20E

(i) an amount paid based on a term included in a contract and relating to a breach or cancellation or early termination of the contract, the income from which, if performed, would fall within the provisions of paragraphs (a) to (h) of this subsection. ».

(b) by amending subsection (2) as follows:

- (1) By replacing paragraph (b) with the following paragraph:

"(b) any income, profits or other benefits, whether pecuniary or otherwise, provided or granted in connection with any office or employment exercised in the Republic to the person holding the office or providing the employment or to any member of his family, including-

- (i) the estimated annual value of accommodation, housing, home or food;
- (ii) any allowance
- (iii) a benefit provided as an incentive for accepting employment or appointment to a position, including such benefit provided before the commencement of employment or appointment to a position;
- (iv) a gratuity granted gratuitously upon retirement or early retirement or the expiration or early termination of an employment contract or appointment contract to a position
- (v) benefit granted under an Early Retirement Plan for Employees;
- (vi) compensation for the termination of employment or appointment to a position, the payment of which is not provided for in an employment contract or appointment to a position or in a collective agreement or regulations or any other terms governing the employment or appointment to a position;
- (vii) any other benefit granted under an employment contract or an appointment contract to a position or under a collective agreement or regulations or any other conditions governing employment or appointment to a position;

It is understood that amounts receivable, including compensation, which are paid in accordance with a court decision and which relate to any of the subparagraphs (i) to (v), constitute the subject of the tax within the relevant subparagraph and are taxed accordingly;"

- (ii) by adding in paragraph (g), immediately after the phrase "to directors or" (fourth line), the phrase "directly or indirectly";
- (iii) by replacing at the end of the proviso to paragraph (g) the period with a semicolon and adding, immediately thereafter, the following new paragraphs:
 - (h) profit from transactions in cryptocurrencies falling within the provisions of article 20E
 - (i) an amount paid based on a term included in a contract and relating to a breach or cancellation or early termination of the contract, the income from which, if performed, would fall within the provisions of paragraphs (a) to (h) of this subsection. ».

4. Article 8 of the basic law is amended as follows:

Amendment
of article 8 of
the basic
law

- (a) By deleting in subsection (9) the phrase "gratuity upon retirement, pension conversion,"
- (b) by replacing at the end of subsection (11) the semicolon with a colon and the addition, immediately thereafter, of the following proviso:

"It is understood that for the purposes of this subsection the term "capital" also includes any lump sum determined as a lump sum received from a pension conversion"

(c) by replacing subsection (16) with the following subsection:

"(16) the income of a fund falling within the provisions of subparagraph (1) or subparagraph (1) of paragraph (c) of subsection (1) of section 14;";

(d) by replacing subsection (19) and its proviso with the following subsection and its proviso:

"(19) the entire interest income of an individual, a fund falling within the provisions of subparagraph (i) or subparagraph (i) of paragraph (c) of subsection (1) of section 14, a local government authority, a state agency and a General Government entity:

It is understood that interest acquired by an open-ended or closed-ended collective investment scheme is not considered interest for the purposes of this subsection:

It is further understood that, for the purposes of this subsection, the terms "state organization" and "General Government entity" have the meaning assigned to these terms by article 2 of the Fiscal Responsibility and Fiscal Framework Law:

It is further understood that the provisions of this subsection do not apply to Legal Entities of Public Law that carry out economic activity";

(e) by replacing at the end of the second proviso to subsection (20) the semicolon with a colon and the addition, immediately thereafter, of the following new proviso:

"it is further understood that, from 1 January 2031 onwards, a gain arising from the redemption of a unit or share in an open-ended or closed-ended collective investment scheme established in the form of a company, reduced by any amount of capital gains tax paid in respect of such redemption, in accordance with the provisions of the Capital Gains Taxation Law, constitutes a dividend"; and

(f) by replacing at the end of subsection (22) the colon with a period and deleting the following proviso.

5. Article 9 of the basic law is amended as follows:

Amendment of
article 9 of the
basic law.

(a) By amending subsection (1) as follows:

(i) By replacing the reservations in paragraph (d) with the following reservations:

"Of course . . .

3 in a case where the above expenses are of a capital nature, the deduction is claimed in accordance with the provisions of paragraph (l);

(1) no deduction shall be granted under the provisions of this paragraph for the above-mentioned expenses incurred for the acquisition of machinery and installations or buildings, including staff accommodation, in respect of which a deduction may be granted under the provisions of article 10:

Provided further that -

(i) for expenses incurred during the years 2025 to 2030, including capital expenses, for which a deduction is granted in accordance with the provisions of paragraph (l), an additional deduction equal to twenty percent is provided

(20%) of the said expenses, which a person may, for each tax year, waive in part or in whole.

(ii) the additional deduction provided for in paragraph (1) shall be granted in the year in which the relevant expenses are incurred, except in the case of expenses of a capital nature, in which case the additional deduction shall be granted in the years in which a deduction is granted in accordance with the provisions of paragraph (1)

(1) the additional deduction provided for in paragraph (1) is not provided in respect of expenses relating to an eligible intangible asset for which, in any year, including the current year, the provisions of paragraph (k) were applied;

(b) by amending paragraph (g) as follows:

- ☐ By numbering the existing text from subparagraph (1) up to and including the proviso, as a new subparagraph (aa);
- ☐ by replacing in the proviso to subparagraph (aa), as numbered in accordance with (1) above, the word "paragraph" with the word "subparagraph" (first line) and
- ☐ by adding the following new subparagraph (bb) immediately after subparagraph (aa), as numbered in accordance with (1) above:

"(bb) an amount up to five hundred euros (€500), for premiums paid by an individual on the basis of an insurance policy, as defined in the Insurance and Reinsurance Business and Other Related Matters Law or pursuant to a comparatively similar Law in force in another Member State, for home insurance against the risks of natural disasters;"

(c) by adding, immediately after the first reservation in paragraph (l), the following new reservations:

"It is further understood that any such expenditure which is of a capital nature and concerns intangible assets which have an indefinite useful economic life, shall be allocated over a period of twenty (20) years:

It is further understood that, for the purposes of this paragraph, the capital expenditure for intangible assets introduced into a company in return for the issue of share capital may not exceed the market value of the said assets on the date of their introduction into the business and no deduction shall be granted if the market value thereof is not substantiated in the opinion of the Commissioner;"

(d) by replacing in the fourth proviso to paragraph (l), as renumbered in accordance with the above, the phrase "It is further provided", with the phrase "It is further provided"

(e) by replacing in the fifth proviso to paragraph (l), as renumbered in accordance with the above, the phrase "It is further provided", with the phrase "It is further provided further";

(f) by adding, immediately after paragraph (m), the following new paragraphs:

☐ An amount up to fifty thousand euros (€50,000) in respect of donations or contributions made to cultural institutions approved by the Deputy Minister of Culture on the basis of terms or conditions determined by the Council of Ministers:

It is understood that, notwithstanding any contrary provision of this Law, in the event of a loss incurred within the year in which the donation or contribution was made, any part of the loss up to

amount of the donation or contribution is not transferred and is not offset against the income of the following years:

It is further understood that, for the purposes of this paragraph, the term "cultural institutions" includes:

- (a) public law legal entities
- (b) associations or foundations whose main statutory purpose is the non-profit research and study of culture and the organization and production of non-profit activities

§ In the case of a company, an expense relating to the costs of the initial listing of its shares on a recognized stock exchange, up to an amount of three hundred thousand euros (€300,000):

Provided that:

Official Newspaper of the EU: Series L., 15.12.2023	(1) the discount is granted on the basis of Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid to the extent that there is an available amount per rolling three-year period, per single undertaking kd
	(ii) the discount is granted to the extent that it does not create a loss, and in the event of an unallocated amount, it may be carried over and granted as a discount over the next two (2) years, provided that there is a corresponding amount available, in accordance with Regulation 2023/2831 and RDP 19/3/2020-

- (c) Expenditures on salaries and wages:

It is understood that an employer who pays an indexation allowance, as specified in the Permanent Agreement on Automatic Indexation, based on a collective agreement and/or personal employment contract, is granted an additional deduction, equal to twice the additional expense incurred for the payment of the indexation allowance in relation to the immediately preceding year, which arises due to:

(i) the annual percentage change in the Price Index for the purposes of calculating the indexation allowance, based on the official data of the Statistical Service of the Republic and on the basis of a relevant circular of the Ministry of Finance on the indexation allowance and

(ii) the increase in the percentage of incorporation of the aforementioned change in the Price Index into the indexation allowance:

It is further understood that, for the purposes of the first reservation, "Permanent Agreement on Automatic Indexation" means the agreement signed between the trade unions SEK, PEO, DEOK, PASYDY and the employers' organizations OEB and CCCI on 13 November 2025, in the presence of the Minister of Labour and Social Insurance and the Minister of Finance." and

- (g) by amending subsection (14) as follows:

⑤ By replacing in paragraph (i), the phrase "Pension Fund and Provident Fund" (fifth and sixth lines), with the phrase "Pension Fund, Provident Fund and Health Insurance Fund".

⑥ by adding to the second proviso of paragraph (i) immediately after the phrase "of the Regulation of Arrears of Social Contributions Law" (second and third lines), the phrase "or in accordance with a Court decision"; and

(iii) by replacing at the end of the second proviso to paragraph (ii) the period with a semicolon and adding, immediately after, the following new paragraph:

"(iii) any rent payments in violation of section 484 of the Tax Assessment and Collection Law."

Amendment of article 10 of the basic law.

6. Subsection (2) of article 10 of the basic law is amended as follows:

(a) By replacing in the third proviso the phrase "2024, 2025 and 2026" with the phrase "until 2030" where it also occurs

(b) by adding, immediately after the seventh reservation, the following reservations:

"It is further understood that, for the purposes of this article, the capital expenditure on assets introduced into a company in return for the issue of share capital may not exceed the market value of the said assets on the date of their introduction into the business and no deduction shall be granted if the market value thereof is not substantiated in the opinion of the Commissioner:

It is further understood that, for capital expenditure incurred on machinery and installations, excluding irrigation machinery and installations, used for agricultural or livestock production, a deduction of twenty-five percent (25%) is granted, after deducting any subsidy amount, with the exception of items for which a higher annual deduction is granted based on the notification issued under article 624 of the repealed Income Tax Law, as it continues to be in force in accordance with the provisions of article 47, as provided for under Commission Regulation (EU) 2022/2472 of 14 December 2022 declaring certain categories of aid in the agriculture and forestry sectors and in rural areas compatible with the internal market pursuant to articles 107 and 108 of the Treaty on the Functioning of the European Union." Treaty

SI of the Official Journal of the EU: L 327, 21.12.2022.

Amendment of article 11 of the basic law.

7. Article 11 of the basic law is amended as follows:

(a) By replacing, subject to subsection (12), the amount "£10,000", with the phrase and amount "thirty thousand euros (€30,000)" and

(b) by replacing at the end of the paragraph following the second proviso to subsection (15) the full stop with a colon and adding, immediately afterwards, the following new proviso:

"It is further understood that the provisions of the immediately preceding reservation do not apply in the case of interest on the acquisition of shares."

a wholly owned, direct or indirect subsidiary of a company that is resident in a non-cooperative jurisdiction or that is incorporated or registered in such a jurisdiction and is not tax resident in another jurisdiction that is not a non-cooperative jurisdiction.“; and

(c) by adding, immediately after subsection (17), the following new subsection:

“(18) Gratuity payments to employees and officials, which fall within the provisions of subparagraphs (iv) to (vi) of paragraph (b) of subsection (1) of article 5 and subparagraphs (iv) to (vi) of paragraph (b) of subsection (2) of article 5.”.

Amendment of article 13 of the basic law.

8. Article 13 of the basic law is amended as follows:

(a) By replacing in the first proviso to subsection (1) the word “five” (tenth line), with the word “seven”; and

(b) by adding at the end of subsection (7), immediately after the phrase “in its respective tax year” (fifth and sixth lines), the phrase “, after offsetting the taxable income of the applicant company with losses incurred by it in previous years in accordance with the provisions of subsection (1)“.

Amendment of the basic law by replacing article 14.

“Discount for life insurance premiums and contributions to provident funds and other funds.

14.-(1) For the purpose of ascertaining the taxable income of any person are deducted

(a) the amount of premiums paid under an insurance policy, as defined in the Insurance and Reinsurance Business and Other Related Matters Law or by virtue of a comparatively similar Law in force in another Member State, for the insurance of his life or for his permanent and/or temporary total and/or partial disability in exchange for a fixed or determinable amount payable upon his death or permanent and/or temporary total and/or partial disability

Of course that .

(i) in respect of a life insurance policy or a policy for permanent and/or temporary total and/or partial disability, the deduction shall not exceed an amount equal to seven percent (7%) of the amount payable upon death or permanent and/or temporary total and/or partial disability, excluding any additional benefit in the form of a gratuity or otherwise.

(1) in the case of a partial surrender of a life insurance policy, if the amount of the partial surrender exceeds the value of the gross surrender of the policy on 31 December of the fourth year preceding the year of the surrender, fifty percent (50%) of the excess amount of the partial surrender shall be added to the individual's income.

For the purposes of subparagraph (11), the gross redemption value of the contract on 31 December of the fourth year preceding the year of redemption-

- ⑤ equals zero (0), in relation to contracts for which, on 31 December of the relevant year, a period of four (4) years has not elapsed from the date of the contract
- ⑥(i) is reduced by the amount by which the total amount of partial redemptions of the three (3) years preceding the year of redemption exceeds the total amount of premiums paid during those years.
- ⑥(ii) in the event of a life insurance policy being redeemed within three (3) years from the date of the contract, thirty percent (30%) of the premiums for which a deduction was granted under the provisions of this article shall be added to the individual's income, and in the event of the redemption being made within the fourth, fifth and sixth years from the date of the contract, twenty percent (20%) of such premiums shall be added;

(b) the amount of contributions he has paid to the Social Insurance Fund, to a Widows' and Orphans' Pension Fund established under any Law in force in the Republic or to any other insurance fund established in another Member State under comparable similar Laws;

- (v) (i) the amount of contributions he has paid to a Pension or Provident Fund established in the Republic or outside the Republic in another Member State, which, for the purposes of this article, is approved by the Registrar and
- (ii) the amount of premiums he has paid under an insurance policy, as defined in the Insurance and Reinsurance Business and Other Related Matters Law or pursuant to a comparatively similar Law in force in another member state, for a Pension Plan or for the provision of an annual life annuity in his old age, which is approved by the Superintendent:

It is understood that the deduction granted in accordance with the provisions of this paragraph does not exceed cumulatively an amount equal to ten percent (10%) of the total income of an individual who falls under the provisions of article 5 and who is not exempt from tax under article 8:

It is further understood that, for the purposes of the first reservation, in the case of income falling within the provisions of paragraph (a) of subsection (1) of article 5 and paragraph (a) of subsection (2) of article 5, the profit from carrying on a business is included in the total income.

- (d) the amount of premiums paid based on an insurance policy, as defined in the Insurance and Reinsurance Business and Other Related Matters Law or pursuant to a comparatively similar Law in force in another member state for a Medical Care Plan, which is approved by the Superintendent:

It is understood that the deduction granted in accordance with the provisions of this paragraph does not exceed cumulatively an amount equal to two percent (2%) of the total income of the individual who falls under the provisions of article 5 and who is not exempt from tax under article 8:

It is further understood that, for the purposes of the first reservation, in the case of income falling within the provisions of paragraph (a) of subsection (1) of article 5 and paragraph (a) of subsection (2) of article 5, the profit from carrying on a business is included in the total income.

(e) the amount of the contribution or premiums paid under the General Health System Law or under a comparatively similar Law in force outside the Republic.

891) of 2001
 134(1) of 2002
 1011) of 2004
 621) of 2005
 741) of 2017
 251) of 2020
 1800) of 2022
 1481) of 2023
 291) of 2025
 531) of 2025
 1181) of 2025
 1390) of 2025.

(2) The total deduction provided under the provisions of this article shall not exceed one-fifth (1/5) of the taxable income of the individual, as determined in accordance with the provisions of this Law, before the deductions provided for in this article and in article 148 are deducted therefrom.

(3) The provisions of paragraph (a) of subsection (1) shall also apply in the case of insurance policies taken out by an individual for the life insurance of a spouse before the entry into force of this Law for which a deduction was granted under the provisions of the Income Tax Laws of 1961 to 2002.

(4) Notwithstanding the provisions of any other applicable Law, any person carrying on an insurance business shall provide every person, for each year in which he has paid premiums or in which he has made a partial redemption or redemption of an insurance policy, with a certificate stating every element relating to the insurance policy, which is required for the purposes of implementing the provisions of paragraphs (a), (c) and (d) of subsection (1):

It is understood that the Superintendent may determine the form, type and content of the certificate, subject to the provisions of this subsection.”.

Modification of
 the basic
 law with the
 addition of the
 new article
 148.

10. The basic law is amended by adding, immediately after article 14A thereof, the following new article:

“Personal
 discounts.”

148.-(1) For the purposes of calculating the taxable income of a person who is a resident of the Republic and provided that the family income does not exceed :

(a) one hundred thousand euros (€100,000) in the event that there are no children or

(b) (1) one hundred thousand euros (€100,000) in the event that the children on December 31 of the tax year are up to two (2)

(2) one hundred and fifty thousand euros (€150,000) in the event that the children on December 31 of the tax year are three (3) or four (4)

(iii) two hundred thousand euros (€200,000) in the event that the number of children on December 31 of the tax year is five (5) or more:

It is understood that the above income criteria also apply in the case of single-parent families:

It is further understood that, for the purposes of applying this paragraph, "children" means legitimate children, ancestors, children born out of wedlock and legally adopted children".

(c) forty thousand euros (€40,000) in the case of a single person,

the following discounts are granted:

(i) **σε κάθε γονέα χίλια ευρώ (€1,000) για τις first, one thousand two hundred and fifty euros (€1,250) for the second and one ευρώ thousand five hundred (€1,500) for the third and for each additional dependent child on 31 December of the tax year:**

It is understood that, for single-parent families, as well as in the case of parents where one of the two parents has full custody, the amount of the granted deduction is doubled.

(b) up to two thousand euros (€2,000) to each spouse or common-law partner or single person in respect of

(1) expense for interest paid in relation to a serviced loan for the purchase or construction of a principal residence located in the Republic or

(1) expense for rent paid in relation to the use of a principal residence located in the Republic:

It is understood that, for the purposes of applying this paragraph, the deduction is granted provided that the main residence in the Republic is owned by at least one of the two spouses or partners or the single person and the serviced loan is in the name of at least one of the two spouses or partners or the single person:

It is further understood that any amount of relevant sponsorship, subsidy, allowance or other relevant amount which a person received from a public fund in relation to any expenditure falling within the provisions of subparagraphs (1) or (11) of this paragraph, reduces the amount of the expenditure for which a deduction is granted under this paragraph:

It is further understood that the deduction provided for in subparagraph (1) of this paragraph shall not be granted if the provisions of article 484 of the Tax Assessment and Collection Law are violated.

(c) up to one thousand euros (€1,000) to each spouse or common-law partner or single person in respect of

(i) Total capital expenditure incurred to improve the energy efficiency of a primary residence located in the Republic

(ii) the total capital expenditure incurred for technical energy efficiency systems of the main residence, renewable energy systems, as well as for electricity storage batteries

(iii) the total capital expenditure incurred for electric vehicles registered with the Department of Road Transport:

Provided that:

(i) the expenditure, to the extent that it is not granted as a deduction in the year in which it was incurred, due to the limitation of one thousand euros (€1,000), may be carried forward and granted as a deduction in the following four (4) years, subject to the said limitation.

(ii) the total of the discounts granted to the two (2) spouses or cohabiting partners cumulatively does not exceed the total expenditure

(iii) for the purposes of applying the provisions of subparagraphs (i) and (ii) of this paragraph, the deduction is granted provided that the main residence in the Republic is owned by at least one of the two (2) spouses or partners or the single person

(iv) the terms referred to in subparagraphs (i) to (ii) shall be interpreted in accordance with the third proviso to subsection (2) of article 10:

It is further understood that any amount of relevant sponsorship, subsidy, allowance or other relevant amount which an individual received from a public fund in relation to expenses falling within the provisions of subparagraphs (i) to (iii) of this paragraph (c), reduces the amount of the expense for which a deduction is granted under this paragraph.

(2) The discounts provided for in subsection (1) are granted provided that

(a) the tax returns of the spouses or cohabitants or of the single person for the relevant tax year were submitted within the deadline provided for in article 5 of the Tax Assessment and Collection Law; and

(b) the said spouses or cohabitants consent to the disclosure of their tax information to each other.

(3) For the purposes of this article

(a) The terms "single-parent family", "family income" and "student" have the meaning assigned to these terms by the Child Benefit Law.

167(1) of 2002

22(1) of 2003

57(1) of 2003

136(1) of 2007

194(1) of 2007

55(1) of 2010

189(1) of 2011

180(1) of 2012
 175(1) of 2014
 177(1) of 2015
 118(1) of 2017
 98(1) of 2024
 46(1) of 2025
 159(1) of 2025.

(b) The term "single person" means a person who lives alone, is not married or in a civil partnership, does not reside with other adults or dependent persons and is not a dependent child.

1841) of 2015
 115(l) of 2020.

(c) The term "cohabitants" has the meaning assigned to this term by the Civil Cohabitation Law.".

(d) Notwithstanding the provisions of the Child Benefit Law, "dependent children" include children who are students up to the age of twenty-four (24) years.

(e) the term "non-performing loan" also includes a loan that has been restructured and whose installments are paid without fail. ».

Amendment
of article 17
of the basic
law.

11. Article 17 of the basic law is amended by deleting subsection (2).

Amendment
of article 20 of
the basic
law.

12. Article 20 of the basic law is amended by replacing the phrase "three thousand four hundred and twenty euros, subject to taxation at a rate of five cents for each pound" (third and fourth lines), with the phrase "five thousand euros (€5,000), subject to taxation at a rate of five percent (5%)".

Amendment
of the basic
law with the
addition of the
new article 20D.

13. The basic law is amended by adding, immediately after article 20C, the following new articles.

"Stock options
and warrants
that are

20D-(1) A benefit arising to an employee or director of a company, who is a resident of the Republic, from the granting of share options or the granting of share purchase rights based on an employer's incentive plan approved per employee or director by the Commissioner of Taxation, is subject to taxation at a rate of eight percent (8%):

granted based
on an
approved
employer
incentive
plan.

It is understood that the rate of eight percent (8%) is applied up to the amount of the benefit equivalent to twice the employee's or director's income from the specific employer acquired within the year in which the vesting period ends, which falls under the provisions of paragraph (b) of subsection (1) of article 5, without taking into account the said benefit and any excess amount is subject to taxation in accordance with the provisions of PART III and PART V:

It is further understood that, for the purposes of implementing the provisions of this article, the options to purchase shares or shares granted

(1) are subject to a minimum vesting period of three (3) years, which may not commence before the date on which the employer's incentive plan per employee or director receives the required approval of the Commissioner and

(1) may not be transferred before the end of the minimum vesting period and

(iii) they concern shares of the employer or of a company that is directly or indirectly the parent of the employer and which carry the same rights and obligations as the ordinary shares of the employer or the ordinary shares of the employer's direct or indirect parent company, except for the right to vote; and

(iv) carry a minimum exercise price or minimum acquisition price, as the case may be, which may not be lower than fifty percent (50%) of the value of the shares on the date of the intended approval by the Registrar of the employer's incentive plan for the specific employee or director:

244(1) of 2025.

It is further provided that, notwithstanding the provisions of subparagraph (1) of the second proviso of this article and subject to the other provisions of this article, each employer may, within six (6) months from the date of entry into force of the Income Tax (Amendment) (No. 4) Law of 2025, submit to the Tax Commissioner an employer's incentive plan, in respect of which the vesting period began before the entry into force of the Income Tax (Amendment) (No. 4) Law of 2025 and the minimum three-year vesting period has not expired before the expiry of the said period of six (6) months, in order to obtain the required approval of the Commissioner, so that it falls within the scope of this article.

(2) The total benefit subject to taxation at a rate of eight percent (8%) per rolling decade may not exceed the amount of one million euros (€1,000,000) and any excess amount shall be subject to taxation in accordance with the provisions of PART III and PART V.

(3) The provisions of this article do not apply with regard to the granting of stock options or the granting of shares to an employee or director of a company who constitutes a person connected with the company, in accordance with the provisions of article 33.

(4) The benefit subject to taxation at a rate of eight percent (8%) in accordance with the provisions of subsection (1) shall not be added to any other income.

Profits from
cryptocurrency
trading

20E.-(1) Profits of any person arising from the disposal of cryptocurrencies are subject to taxation at a rate of eight percent (8%).

(2) Notwithstanding the provisions of article 13, any losses arising from the disposal of cryptocurrencies may only be offset against profits from the disposal of cryptocurrencies arising in the same tax year and shall neither be transferred and/or offset against the profit of the same person in subsequent years, nor shall they be assigned to another company pursuant to the provisions of subsections (4) to (11) of article 13.

(3) For the purposes of this article:

(a) The term "cryptocurrency" is interpreted in accordance with paragraph 5, subsection 1, of Article 3 of Regulation (EU) 2023/1114.

(b) The term "disposal of cryptocurrencies" means the sale of cryptocurrencies, the donation of cryptocurrencies, the exchange of one cryptocurrency for another cryptocurrency, and the use of cryptocurrency as a means of payment.

(4) The provisions of this article do not apply in the case of disposal of cryptocurrencies, which were acquired through the conduct of mining activity.

(5) Any profit arising from transactions in cryptocurrencies, which does not fall within the provisions of this article, is taxed in accordance with the provisions of PART III and PART V of this Law.

Gratuity payments to employees and officials.

20F.-(1) The income of an individual falling within the provisions of subparagraphs (iv) to (vi) of paragraph (b) of subsection (1) of article 5 and the provisions of subparagraphs (iv) to (vi) of paragraph (b) of subsection (2) of article 5, which exceeds two hundred thousand euros (€200,000), is subject to taxation at a rate of twenty percent (20%).

(2) The income provided for in subsection (1) shall not be added to any other income.”.

Amendment of section 29A of the basic law.

16. Article 29A of the principal law is amended by replacing, in the proviso to paragraph (a) of subsection (2), the words "approved stock exchange" (second line), with the phrase "regulated market of a recognized stock exchange".

Amendment of article 33 of the basic law.

17. Article 33 of the basic law is amended as follows:

(a) By replacing the full stop at the end of subsection (2) with a colon and adding, immediately afterwards, the following proviso:

"It is understood that the provisions of subsection (1) shall not apply in relation to the use of assets of a company by a direct or indirect shareholder thereof or by a person connected thereto, to the extent that the shareholder has paid an extraordinary contribution on a concealed dividend distribution for the use of the specific assets pursuant to the provisions of paragraph (a) of subsection (2) of section 3A of the Extraordinary Contribution for the Defence of the Republic Law."

(b) by replacing at the end of paragraph (c) of subsection (4) the full stop with a colon and adding, immediately afterwards, the following proviso:

"It is understood that, for the purposes of implementing the provisions of subparagraph (i) of paragraph (a) of subsection (4), the director or advisor of the company who, either alone or jointly with persons associated with him, in accordance with the company's articles of association or other authorization by the company's shareholders, holds voting rights of at least fifty percent (50%) with regard to decisions taken by the company's board of directors, shall be considered a person associated with the company";

(c) by amending subsection (9) as follows:

⊗ By replacing in paragraph (a) the phrase "seven hundred and fifty thousand euros (€750,000)", with the phrase "two million five hundred thousand euros (€2,500,000)"; and

E. by replacing at the end of paragraph (a) the period with a colon and adding, immediately afterwards, the following reservations:

"It is understood that, in the case of transactions concerning the purchase and sale of goods, the aforementioned limit does not exceed or will not exceed, based on the principle of equidistance, five million euros (€5,000,000), per tax year:

It is further understood that, in the case of financial transactions, the aforementioned limit does not exceed or will not exceed, based on the principle of equidistance, ten million euros (€10,000,000), per tax year.;" and

(d) by adding, immediately after subsection (13), the following new subsection:

"(14) The Council of Ministers may, by a Decree published in the Official Gazette of the Republic, amend the maximum limit per category of controlled transactions provided for in paragraph (a) of subsection (9) and the maximum limit of controlled transactions provided for in the reservations of the said paragraph."

Amendment of section 33A of the basic law.

18. Article 33A of the basic law is amended as follows:

(a) By deleting in subsection (1) the word "corporate" (first line) and
 (b) by deleting in subsection (2) the word "corporate" (third line).

Amendment of article 33B of the basic law.

19. Article 33B of the basic law is amended by replacing at the end of subsection (3) the full stop with a colon and adding, immediately afterwards, the following reservations:

"It is understood that, in the event that the transfer to the Republic of assets or the transfer to the Republic of the tax residence of a company or business carried on through a permanent establishment is made from a third country, the initial tax value of the transferred intangible assets shall be deemed to be the value as determined by the third country from which the said transfer or transfer took place, unless this does not reflect the market value of the transferred intangible assets:

It is further understood that the value of the transferred intangible assets from a Member State or third country from which the transfer or transfer took place or the market value of the said transferred intangible assets, as the case may be, constitutes an acquisition expense for the purposes of applying the provisions of paragraph (l) of subsection (1) of article 9. ".

Amendment of article 35 of the basic law.

20. Article 35 of the basic law is amended by adding, immediately after subsection (10), the following new subsection:

1511) of 2024. "(11) The provisions of this article shall not apply with regard to the additional tax imposed outside the Republic pursuant to the application of an appropriate IIR rule and/or an appropriate UTPR rule, as defined in the Law on Ensuring a Global Minimum Level of Taxation of Multinational Enterprise Groups and Large Domestic Groups in the Union. ".

Amendment of Article 36 of the Basic Law

21. Subsection (4) of article 36 of the basic law is amended as follows:

(a) By replacing at the end of paragraph (b) the period with a semicolon and adding, immediately afterwards, the disjunctive "or" and

(b) by adding immediately after paragraph (b), the following new paragraph:

7. if the permanent establishment is located in another State included in a list of third country jurisdictions that have been assessed by Member States collectively as non-cooperative for tax purposes.”; and

Amendment of the basic law with the addition of the new article 454.

22. The basic law of is amended by adding, immediately after article 45, the following new article:

“Tax provisions based on other legislation.

45A. Any exemptions or deductions for the purpose of determining the taxable income of a person shall be granted only in accordance with the provisions of this Law:

It is understood that exemptions or deductions for determining the taxable income of a person, which on the date of entry into force of the Income Tax (Amendment) (No. 4) Law of 2025 are provided based on the provisions of any other law in force in the Republic, continue to be provided until the amendment or repeal of the said provisions.”.

Amendment of the basic law by deleting article 46.

23. The basic law is amended by deleting article 46.

Amendment of the Second Schedule to the basic law.

24. The Second Schedule to the basic law is amended as follows:

(a) By adding in paragraph (1), immediately after the proviso to subparagraph (b), the following new subparagraph (c):

“(c) From the tax year 2026 and onwards:

Taxable income	Tax Rate
For every euro up to €22,000	0%
For every euro over €22,000 up to €32,000	20%
For every euro over €32,000 up to €42,000	25%
For every euro over €42,000 up to €72,000	30%
For every euro over €72,000	35%»

(b) by replacing in paragraph (2), the phrase “twelve and a half” and the percentage “12.5%” with the word “fifteen” and the percentage “15%”, respectively, and

(c) by deleting paragraph 3 thereof.

Entry into force of this Law.

25. This Law shall enter into force on 1 January 2026, except for the provisions of paragraph (f) of article 4, which shall enter into force on 1 January 2031.