Consistent with our commitment to provide updated information on current tax issues, we set down below a brief overview of the provisions of the draft bill on the implementation of OECD's Pillar II Model Rules as set out under the EU Minimum Tax Directive (2022/2523)

On 23 February 2024, the Greek Ministry of National Economy and Finance launched a public consultation on a draft bill to implement the OECD's Pillar II Model Rules as set out under the EU Minimum Tax Directive.

General framework

The draft bill under consultation generally follows the EU Minimum Tax Directive (2022/2523) and implements the Income Inclusion Rule (IIR), the Undertaxed Payment Rule (UTPR) and a Domestic Minimum Top-up Tax (DMTT). Moreover, Safe Harbour rules are adopted.

The Pillar II Global Anti-Base Erosion (GloBE) rules subject multinational groups with global revenue of EUR 750M or more (in at least 2 out of the 4 fiscal years preceding the year under consideration) to a global minimum tax of 15%.

Income Inclusion Rule (IIR)

The Income Inclusion Rule (IIR), under which the minimum tax is paid at the level of the parent entity, in proportion to its ownership interests in those entities that have low taxed income, will be applicable for fiscal years starting after 31 December 2023.

Undertaxed Profit Rule (UTPR)

The Undertaxed Profit Rule (UTPR) which ensures that the group entities pay their share of the top-up tax remaining after the IIR, will generally be applicable for fiscal years starting after 31 December 2024. However, where the ultimate parent entity of an MNE group is located in a Member State that has made an election for a delayed application of the IIR and UTPR, the Greek UTRP will be applicable for fiscal years starting after 31 December 2023. The UTPR top-up tax would be collected as an additional top-up tax only.

Domestic Minimum Top-up Tax (DMTT)

The draft bill also includes a Domestic Minimum Top-up Tax (DMTT). The calculation of the DMTT is in general aligned with the provisions of the EU Minimum Tax Directive. In this regard, Greek or foreign MNE Groups may be required to perform DMTT calculations for the purposes of applying the QDMTT in case of Greek Low Tax Constituent Entities (LTCEs). Moreover, the draft bill provides for an option to make the DMTT calculations based on the Greek GAAP.

Safe Harbours

The transitional CbCR Safe Harbours and the transitional UTPR Safe Harbour are adopted. In addition, a permanent QDMTT Safe Harbour is incorporated.

In this regard, it is noted that the draft bill provides for the transposition of such Safe Harbour rules as agreed with the respective OECD Guidance, which is also being referred to as source for their interpretation.

Compliance obligations

The requirement to file a GloBE Information Return (GIR) is provided. Said return should be filed within 15 months after the end of a fiscal year, whereas such deadline is extended to 18 months for the transitional year.

Moreover, by the end of the month following the filing of GIR, the entities are required to file a supplementary tax return.

Top-up tax will be due by the end of the month following such supplementary tax return.

How KPMG can help

Multinational groups in scope of the minimum taxation will be required to be advised with respect to the new complex rules. Moreover, the required data points and the necessary technology adaptations should be identified to facilitate timely compliance.

Our multidisciplinary team consisting of BEPS specialists and data experts provide a holistic coordinated approach for the assessment of the Pillar II Rules.

Contact us

Christos Krestas
Partner, Tax

T: + 30 210 60 62 430
E: ckrestas@kpmg.gr

More information at

kpmg.com/socialmedia

This Newsletter aims to provide the reader with general information of the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case