

# Greece Country Profile

EU Tax Centre

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Key tax factors for efficient cross-border business and investment involving Greece

**EU Member State** Yes.

**Double Tax Treaties** With the following countries, territories and jurisdictions:

Albania	Estonia	Luxembourg	Slovakia
Armenia	Finland	Malta	Slovenia
Austria	France	Mexico	South Africa
Azerbaijan	Georgia	Moldova	Spain
Belgium	Germany	Morocco	Sweden
Bosnia and Herzegovina	Hungary	Netherlands	Switzerland
Bulgaria	Iceland	Norway	Tunisia
Canada	India	Poland	Turkey
China	Ireland	Portugal	UAE
Croatia	Israel	Qatar	UK
Cyprus	Italy	Romania	Ukraine
Czech Rep.	Rep. of Korea	Russia	US
Denmark	Kuwait	San Marino	Uzbekistan
Egypt	Latvia	Saudi Arabia	
	Lithuania	Serbia	

**Most important forms of doing business**

Société Anonyme (AE)  
 Limited Liability company (ΕΠΕ)  
 Private Company (IKE)  
 General Partnership (OE)  
 Limited Partnership (ΕΕ)

**Legal entity capital requirements**

Société Anonyme (AE): EUR 25,000  
 Limited Liability company (ΕΠΕ): EUR 1 for single member Limited Liability Companies

Private Company (IKE): EUR 1

General Partnership (OE): No minimum capital requirement

Limited Partnership (EE): No minimum capital requirement

## **Residence and tax system**

A company or legal entity is considered to be a Greek resident for tax purposes if (i) it has been incorporated in accordance with Greek law, or (ii) its registered address is in Greece, or (iii) its place of effective management is in Greece.

Resident companies are taxed in Greece on their worldwide income. Non-resident companies are taxed in Greece only on their Greek-sourced income.

## **Compliance requirements for CIT purposes**

A tax year is equivalent to a calendar year ending on December 31 or on June 30 for companies and legal entities with double entry accounts. In any case, the tax year should not exceed 12 months. However, if the majority of the ownership (50 percent or more) of a Greek company belongs to a foreign company, the Greek company may choose to use the tax year of its foreign parent company.

Corporate Income Tax (CIT) returns must be filed electronically no later than the last working day of the sixth month from the end of the calendar year. The tax payable can be paid in six monthly installments (maximum).

## **Corporate income tax rate**

The CIT rate for companies, partnerships, cooperatives, joint ventures and other legal entities (with the exception of credit institutions) is 24 percent for tax years 2019 and 2020 and is reduced to 22 percent from tax years 2021 onwards.

Tax rate of 29 percent applies for business income of credit institutions which have opted for special provisions regarding deferred taxation.

## **Withholding tax rates**    **On dividends paid to non-resident companies**

In general, distributed dividends paid to non-resident companies are subject to withholding tax (WHT) at the rate of 5 percent.

Double tax treaties (DTTs) may provide a WHT exemption or a lower WHT rate.

WHT does not apply to outbound dividends paid by a Greek subsidiary to an EU company, provided that certain conditions are met pursuant to the EU Parent-Subsidiary Directive 2011/96/EU.

### On interest paid to non-resident companies

In general, WHT of 15 percent applies to interest paid to non-resident companies.

DTTs may provide a WHT exemption or a lower WHT rate.

WHT does not apply to interest paid between associated companies of different EU Member States provided that certain conditions are met pursuant to EU Directive 2003/49/EC.

Certain exemptions apply to interest on government bonds and interest on loans from credit institutions.

### On patent royalties and certain copyright royalties paid to non-resident companies

A WHT rate of 20 percent applies to royalties paid to non-resident companies with no permanent establishment (PE) in Greece. However, WHT does not apply to royalties paid to resident companies and non-resident companies with a PE in Greece.

DTTs may provide a lower WHT rate or a WHT exemption.

WHT does not apply to royalties paid between associated companies of different EU Member States provided that certain conditions are met pursuant to EU Directive 2003/49/EC.

### On fees for technical services

In general, a WHT rate of 20 percent applies to fees for technical projects. Specific provisions apply to fees paid in respect of technical projects in the public domain.

Fees for technical services paid to resident companies and foreign EU companies are exempt from WHT. Fees for technical services paid to non-EU companies are subject to WHT.

### On other payments

In general, a WHT rate of 20 percent applies to management and consulting fees.

Management and consulting fees paid to resident companies and foreign EU companies are exempt from WHT. Management and consulting fees paid to non-EU companies are subject to WHT.

### Branch withholding tax

N/A.

## Holding rules

### Dividend received from resident/non-resident subsidiaries

Participation exemption method (100 percent) if the following conditions apply.

- The distributing company is a tax resident of an EU Member State and is included in Annex I of Directive 2011/96/EU.
- Participation requirement: the receiving resident company holds at least 10 percent of the share capital or voting rights of the distributing company.
- Minimum holding period: at least 24 months (specific provisions apply).
- Taxation requirement: subject-to-tax requirement pursuant to Annex I of Directive 2011/96/EU.

If the above conditions do not apply, dividends received from resident/non-resident subsidiaries cannot benefit from the participation exemption. In such cases, the credit method in the Greek Income Tax Code generally applies.

### Capital gains obtained from resident/non-resident subsidiaries

Capital gains arising from the transfer of shares (either listed or non-listed) and realized by Greek companies or foreign companies with a PE in Greece, are treated as business income and are taxed at the standard CIT rate.

Capital gains arising from the transfer of shares as of July 1, 2020 are exempt from CIT, provided that the following conditions are met:

- the company whose shares are transferred is a tax resident of an EU Member State and has a legal form included in Annex I of Directive 2011/96/EU;
- the company whose shares are transferred is subject to one of the taxes listed in the Annex I of Directive 2011/96/EU without eligibility for option or exemption;
- the company transferring the shares holds at least 10 percent of the share capital or voting rights of the company whose shares are transferred for at least 24 months.

Business expenses related to these participations are not deductible for CIT purposes.

By exception, any loss from the transfer of the aforementioned shares is recognized for tax purposes, provided that the valuation of the shares took place by December 31, 2019 and is recorded in the accounting books or presented in the financial statements approved by the statutory auditors, and provided that the loss is realized by December 31, 2022. The loss which is recognized for tax purposes is the lower between the revaluation loss and the realized loss.

**Tax losses**

Tax losses may be carried forward for five (5) years from the end of the tax year in which they arose.

As an anti-avoidance rule, tax losses cannot be carried forward if (a) during the tax year, the direct or indirect participation or the voting rights in a legal entity changed and exceeded the percentage of 33 percent and (b) during the same tax year or the tax year following the change in participation/voting rights, the entity's business activity changed by more than 50 percent of its turnover in relation to the previous tax year.

**Tax consolidation rules/Group relief rules**

No.

**Registration duties**

Registration for tax purposes and acquisition of a unique Tax Identification Number (TIN) are required before carrying on business or taxable transactions in Greece. No registration duties.

**Transfer duties****On the transfer of shares**

A transaction tax at the rate of 0.2 percent is imposed on the sales of shares listed on a regulated market or multilateral trading facility operating in Greece. The seller must pay the sales tax, irrespective of their nationality, residence, domicile or place of establishment. Sales tax is imposed regardless of whether the relevant transactions are conducted within or outside the trading venue. The tax is also imposed on sales of shares listed on foreign stock exchanges or other internationally recognized stock exchange institutions, in those cases where the sellers are companies or individuals who are residents of Greece or are foreign companies with a PE in Greece.

**On the transfer of land and buildings**

VAT at the rate of 24 percent is imposed on the first transfer of new buildings (but not to plots of land), whose construction licenses were issued or amended after January 1, 2006, provided that such buildings had not yet been used prior to their transfer (exemptions may apply for the purchase of a primary residence).

However, the imposition of VAT on the transfer of new buildings is suspended until December 31, 2022 through the filing of an application by the constructor. In such cases the relevant real estate transfers will be subject to real estate transfer tax (RETT) at an effective rate of 3.09 percent. The right to deduct the input VAT relating to respective construction expenses is also suspended. To this end, it is stated that any input VAT already recovered by the constructor should be adjusted at the time of the real estate's transfer, by means of filing an extraordinary return. Respective adjusted VAT amount will be deductible from the seller's/constructor's taxable profits for Greek income tax purposes.

Following this first transfer, every subsequent transfer of buildings is subject to RETT at an effective rate of 3.09 percent (exemptions may apply for the

purchase of a primary residence). It is noted that a 3.09 percent RETT is in principle imposed on any transfers of plots of land (first or subsequent).

#### Stamp duties

Stamp duty (ranging from 1.2 percent to 3.6 percent) applies to certain transactions such as loans, assignments, etc.

#### Real estate taxes

The ownership of real estate is subject to Unified Real Estate Ownership Tax (UREOT), which consists of a main tax and a supplementary tax and is determined by the Tax Authorities on the basis of E9 returns on which taxpayers must declare all their real estate holdings in Greece.

Currently, individuals and legal entities owning real estate in Greece are subject to UREOT, irrespective of their citizenship, residence or registered address. UREOT is imposed on property owned as of January 1 of each year. Real estate subject to the tax also includes plots of land located outside city limits. Exemptions continue to apply and cover certain categories of real estate and taxpayers (e.g. the State, public legal entities, churches, monasteries, museums etc.).

Main tax for real estate located within city limits ranges between EUR 2 and EUR 13 per square meter for buildings and between EUR 0.0037 and EUR 11.25 per square meter for plots of land. The main tax for plots of land located outside city limits is EUR 0.001 per square meter and is (generally) increased fivefold if a residence is built on the plot of land. The above rates are multiplied by coefficients that depend on a number of factors deemed to affect a property's value, such as its location, surface area, age, etc.

Supplementary tax is imposed on individuals owning real estate whose cumulative aggregate value exceeds EUR 250,000 and it is calculated on the excess value at progressive rates ranging from 0.15 percent up to 1.15 percent. Legal entities are also subject to supplementary tax, which is generally calculated at the rate of 0.0055 percent on the total value of their real estate, unless the property is used for own business purposes, in which case the rate reduces to 0.001 percent.

Under conditions, partial or full reductions of tax can be granted to individuals and tax deferral can be allowed for legal entities.

In addition, Greek and foreign companies owning or having bare or usufruct rights on (the use of) real estate located in Greece are subject to a special annual tax calculated at the rate of 15 percent on the objective tax value of real estate, unless certain conditions are fulfilled (including if (a) their ultimate individual shareholders are revealed/obtain a Greek tax number, or (b) their shareholders include certain types of regulated entities, such as listed entities, banks, etc.).

The holding of Greek real estate also gives rise to certain municipal property taxes (not usually of significant value), which are collected through electricity bills.

**Controlled Foreign Company rules**

Yes.

**Transfer pricing rules**

**General transfer pricing rules**

Yes. Intra-group transactions should follow the arm's length principle. More specifically, when intra-group transactions are carried out cross-border or domestically, under different economic or commercial conditions from those that would apply between non-associated persons or between associated persons and third parties, any profits which would have been realized by the domestic company without those conditions, but were not realized due to the different conditions, will be included in the profits of the company only to the extent that they will not reduce the amount of tax payable. For the interpretation and the implementation of the provisions regarding intra-group transactions, the law explicitly refers to the OECD Guidelines.

**Documentation requirement**

Greek entities/branches must prepare a Transfer Pricing Documentation File documenting all intercompany transactions and submit a list of these transactions to the Ministry of Finance electronically, provided that the total value of the intercompany transactions or transfer of business operations exceeds:

- EUR 100,000 cumulatively per tax year, if the gross revenue of the taxpayer does not exceed EUR 5,000,000, or
- EUR 200,000 cumulatively per tax year, if the gross revenue of the taxpayer exceeds EUR 5,000,000.

BEPS Action 13 in relation to the Country-by-Country Reporting obligations has been transposed into Greek law.

**Thin capitalization rules**

Yes.

**General Anti-Avoidance rules (GAAR)**

Yes. Business transactions/transformations etc. should be supported by valid and solid business considerations to mitigate the risk that the tax authorities might consider them as having been carried out for tax avoidance purposes.

**Specific Anti-Avoidance rules/Anti Treaty Shopping**

Transfer Pricing, Controlled Foreign Company, Thin Capitalization rules, Exit Taxation rules, Interest Deduction Limitation Rules, Hybrid Mismatches rules, Mandatory Disclosure Rules for reportable cross-border arrangements (DAC6), and other specific anti-avoidance rules apply. There are no Anti-Treaty Shopping provisions.

## **Provisions/Anti-Hybrid rules**

### **Advance Ruling system**

Yes.

### **IP / R&D incentives**

Yes.

### **Other incentives**

Other incentives include the following.

- Tax incentives to strengthen employment positions.
- Tax incentives to strengthen the production of audiovisual projects.
- Ad hoc special tax incentives and exemptions for strategic investments.
- Special incentives in investment laws.
- M&A tax incentives.
- Tax incentives for e-Invoicing.
- Tax incentives for “family offices”.
- Tax incentives for the development of electromobility.
- Deduction of advertising costs for tax years 2020 and 2021.
- Deduction of Expenses for Scientific and Technology Research.
- Special tax regimes on foreign source income.

### **VAT**

The standard rate is 24 percent. There are reduced rates of 13 percent and 6 percent for certain goods/services. For the first half of 2021, the above rates can be reduced by 30 percent for supplies of goods/services carried out in certain Aegean Islands, subject to the fulfilment of the specific conditions (such provision may be extended for the whole year 2021).

### **Other points of attention**

Capital concentration tax at the rate of 1 percent is imposed on certain capital injections.

Greece applies Automatic Exchange Information for Financial Accounts (DAC, CRS, FATCA), Country-by-Country Reporting (CbCR) and Automatic Exchange of Information for reportable cross-border arrangements (DAC6).

### **Mandatory Disclosure Rules Updates**

For country specific information and updates on the EU Mandatory Disclosure Rules please visit KPMG’s EU Tax Centre’s [MDR Updates page](#).

Source: Greek tax law and local tax administration guidelines, updated 2021.

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