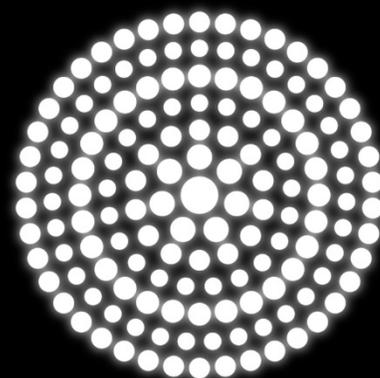


## International Tax Greece Highlights 2021

Updated May 2021



### Recent developments

For the latest tax developments relating to Greece, see [Deloitte tax@hand](#).

### Investment basics

**Currency:** Euro (EUR)

**Foreign exchange control:** There are currently no restrictions on cash withdrawal and fund transfers (capital controls were lifted as from 1 September 2019).

**Accounting principles/financial statements:** IFRS or Greek GAAP applies. The application of IFRS is mandatory for corporations with listed shares or securities; IFRS is optional for other corporations and limited liability companies. New Greek GAAP, which has many similarities to IFRS, applies in all other cases. Financial statements must be prepared annually.

**Principal business entities:** The following categories of entities are provided for under Greek corporate legislation: corporation (SA), limited liability company (EPE), private company (PC IKE), general partnership (OE), and limited liability partnership (EE).

### Corporate taxation

Rates	
Corporate income tax rate	22%
Branch tax rate	22%
Capital gains* tax rate	22%

\* Capital gains are not taxed separately but are treated as regular business income.

**Residence:** A company incorporated under Greek law or that has its registered seat in Greece or its place of effective management in Greece at any time during a tax year is considered resident for tax purposes in Greece for that tax year.

**Basis:** Resident entities are taxed on worldwide income; nonresident entities are taxed only on Greek-source income. Profits of branches of foreign companies in Greece are computed in the same way as profits of legal entities and are taxed at the same rate.

**Taxable income:** Corporate tax is imposed on a company's total annual profits before the distribution of dividends, fees paid to directors out of profits, etc. Normal business expenses are deductible for tax purposes, provided they are not included on a list of nondeductible expenses, are incurred for the benefit of the entity, reflect real transactions that are recorded in the books in the year incurred, and are supported by the necessary tax records and sufficient documentation.

**Rate:** The corporate income tax rate is reduced to 22% (from 24%) for income earned as from tax year 2021; this rate generally applies to all forms of legal entities in Greece (except in exceptional circumstances, e.g., agricultural cooperatives, etc.). However, Greek credit institutions and Greek branches of nonresident credit institutions remain subject to a 29% tax rate if they are subject to the special "deferred tax asset" recognition provision for all relevant fiscal years.

**Surtax:** There is no surtax.

**Alternative minimum tax:** There is no alternative minimum tax.

**Taxation of dividends:** Dividends received from (domestic or EU-resident) subsidiaries qualifying for the participation exemption (i.e., where a 10% minimum participation is held for an uninterrupted period of at least 24 months, etc.) are exempt from corporate tax (see "Participation exemption," below). Dividends received from non-qualifying participations are taxable as normal business income at the prevailing corporate income tax rate (22% for income earned as from tax year 2021), with certain credits available for taxes already paid.

**Capital gains:** Capital gains derived by corporations are, in principle, taxed as ordinary business profits at the prevailing corporate income tax rate (22% for income earned as from tax year 2021). An exemption is available for capital gains derived from the transfer of shares, if certain requirements are met (see below under "Participation exemption").

**Losses:** Tax losses may be carried forward for five consecutive tax years, to be set off against the taxable profits of those five tax years. Tax losses carried forward may be forfeited where there is a change in ownership of more than 33%, if the entity also changes its business activity within the same and/or the following fiscal year, and the new business activity represents more than 50% of the annual turnover compared to the fiscal year before the change in ownership took place. The carryback of losses is not permitted.

In principle, losses arising abroad from the business activities of a foreign permanent establishment (PE) may not be utilized in the calculation of the company's taxable profits (of the same fiscal year) or be set off against future profits, except in the case of losses arising from business activities of a PE in an EU or European Economic Area (EEA) country with which Greece has entered into a tax treaty providing that the business profits of the PE are not exempt in Greece.

**Foreign tax relief:** An ordinary foreign tax credit is available for income tax paid abroad, up to the amount of tax that would be payable for the relevant income in Greece (see also "Participation exemption," below).

**Participation exemption:** Capital gains derived from the disposal of qualified participations in domestic or EU-tax resident subsidiaries may be exempt from corporate tax if, among other requirements, a 10% minimum participation is held for an uninterrupted period of at least 24 months. In principle, losses related to the participation will not be tax deductible. However, losses deriving from qualifying participations, as defined above, and appraised through 31 December 2019 may be tax deductible under certain conditions. The participation exemption regime on capital gains applies for disposals that have taken place as from 1 July 2020.

Dividends received from domestic or EU-resident subsidiaries qualifying for the participation exemption (i.e., where a 10% minimum participation is held for an uninterrupted period of at least 24 months, etc.) are exempt from corporate tax. If the participation does not meet the requirements for exemption, a foreign tax credit is granted for the amount of

the underlying corporate income tax to the extent it relates to the dividends. The participation exemption does not apply to non-Greek and non-EU-source dividends. The exemption may be claimed from the beginning of the holding period provided the recipient company obtains a letter of guarantee for the amount of tax that otherwise would have been payable on the dividend income without the exemption.

The participation exemption provisions state that expenses relating to exempt income are not tax deductible.

Additionally, Greece has enacted the targeted anti-avoidance rule under the amended EU parent-subsidiary directive. Under this rule, the exemption from dividend withholding tax may not apply in the case of a non-genuine arrangement (or series of arrangements) that lacks economic and business substance, when its main purpose or one of its main purposes is the pursuit of a tax benefit. The participation exemption also does not apply to the extent a hybrid mismatch situation is identified.

**Holding company regime:** Greece does not have a holding company regime.

**Incentives:** Certain investments qualify for subsidies. A super deduction applies for certain R&D expenses, and tax deferral is available on income from the exploitation of qualifying patents. In addition, a super deduction of 130% applies to certain categories of qualifying expenses for fiscal years starting on 1 January 2020. Further, businesses may benefit from a super deduction of 200% for advertising expenses incurred in fiscal year 2020, while a deduction of 160% applies to advertising expenses incurred in fiscal year 2021, subject to certain conditions. Special favorable provisions (5% final tax) also apply for the distribution or capitalization of certain tax-free reserves.

## Compliance for corporations

**Tax year:** The accounting year ends on 31 December or 30 June. Subsidiaries of foreign groups may use other year-end dates.

**Consolidated returns:** Group taxation is not available; each company must file a separate return.

**Filing and payment:** Greece operates a self-assessment regime. Corporate entities must file a tax return within six months of the tax year end. Advance payments of corporate income tax of 80% of the tax due (reduced from 100%) are required in respect of advance tax liabilities arising from the filing of annual corporate income tax returns for fiscal year 2021 or later. For fiscal year 2020 annual corporate income tax returns (to be filed by the end of August 2021), the advance tax liability must be calculated at the reduced rate of 70%.

**Penalties:** Penalties apply for late filing, inaccurate filing of returns, or failure to file a return.

**Rulings:** Binding rulings are not available, but a taxpayer can submit a question to the Ministry of Finance for the administration's nonbinding view on the issue.

## Individual taxation

Rates		
Individual income tax rate	Taxable income	Rate
(Business and employment income)	Up to EUR 10,000	9%
	EUR 10,001–20,000	22%
	EUR 20,001–30,000	28%
	EUR 30,001–40,000	36%
	Over EUR 40,000	44%
<b>Capital gains tax rate</b>		15%

See below under “Other” for the special solidarity contribution.

**Residence:** Individuals are resident in Greece if they are present in Greece for more than 183 days within any 12-month period. Individuals are treated as Greek tax resident for the calendar year during which that 12-month period ends. Exceptions apply to individuals who visit Greece exclusively for tourism, medical, therapeutic, or similar personal purposes. Individuals also are considered resident in Greece if their center of vital interests is in Greece.

**Basis:** Resident individuals are taxed on their worldwide income. Nonresidents are taxed only on Greek-source income.

**Taxable income:** Taxable income includes employment income, business income, income from capital (dividends, interest, royalties, and rental income), and capital gains from the alienation of real estate and securities. Each category of income is taxed separately.

**Rates:** Business income and employment income are taxed at progressive rates ranging from 9% to 44% (the lowest rate applies on income not exceeding EUR 10,000, while the highest rate applies on income exceeding EUR 40,000).

Dividends are taxed at a rate of 5% (for dividends received as from 1 January 2020), interest at a rate of 15%, and royalties at 20%. Rental income is taxed at progressive rates ranging from 15% to 45% (the lowest rate applies to rental income not exceeding EUR 12,000, while the highest rate applies to income exceeding EUR 35,000).

**Capital gains:** Capital gains tax at a rate of 15% applies to gains arising from the sale of securities (listed and unlisted) and derivatives. Capital gains tax on the sale of real estate has been suspended until 31 December 2022.

**Deductions and allowances:** Individuals may qualify for a specific tax reduction on employment income (with the amount depending on the total taxable income and the number of children).

Taxpayers are required to use a certain minimum amount of their income (pursuant to a progressive scale) to purchase goods or services (in Greece or in the EU/EEA) using an electronic means of payment (e.g., debit or credit card, etc.). Certain taxpayers are excluded from this obligation (e.g., elderly or disabled taxpayers). If a taxpayer fails to make the minimum payment, the income tax assessment will be increased by 22% of the difference between the minimum required payment and the actual payment.

**Foreign tax relief:** An ordinary foreign tax credit is available for income tax paid abroad, up to the amount of tax that would be payable for the relevant income in Greece.

**Other:** A special solidarity contribution is imposed on the total amount of income earned by individuals on an annual basis at progressive rates ranging from 2.20% to 10% (the lowest rate applies to income exceeding EUR 12,000, while the highest rate applies to income exceeding EUR 220,000—income below EUR 12,000 is exempt). The special solidarity contribution is abolished for certain categories of income for fiscal years 2020, 2021, and 2022. For fiscal year 2020, the special solidarity contribution is abolished for income from business activity, capital, and capital gains (excluding employment income and pensions). For fiscal year 2021, the special solidarity contribution is abolished for all income categories, except for public sector employment income and pensions. For fiscal year 2022, it will be abolished only for private sector employment income and thus re-imposed on all other categories of income.

## Compliance for individuals

**Tax year:** The tax year is the calendar year.

**Filing status:** In principle, married persons file a joint return, but each spouse's share of income is taxed separately. However, separate income tax returns can be filed if at least one of the spouses makes an irrevocable application by 28 February of the year of filing. This option is binding on the other spouse for the tax year concerned.

**Filing and payment:** Individuals must file a tax return by 30 June of the year following the relevant calendar year. Income tax is paid in three equal bimonthly installments, with the first installment due by the last business day of July and the others by the last business day of September and November. The payment of 2020 individual income tax liabilities can be paid in eight equal monthly installments, with the first two installments due by the last business day of August 2021 and one of the remaining six installments due by the last business day of each of the six following months.

**Penalties:** Penalties and interest apply for late filing, failure to file, or inaccurate filing of a return.

**Rulings:** Binding rulings are not available, but a taxpayer can submit a question to the Ministry of Finance for the administration's nonbinding view on the issue.

## Withholding tax

Rates				
Type of payment	Residents		Nonresidents	
	Company	Individual	Company	Individual
Dividends	5%	5%	5%	5%
Interest	15%	15%	15%	15%
Royalties	0%	20%	20%	20%
Fees for technical services	0%	20%	0%/20%	20%

**Dividends:** Dividends paid to nonresidents are subject to a 5% dividend withholding tax (reduced from 10%) for dividends received on or after 1 January 2020, unless the rate is reduced under an applicable tax treaty. No withholding tax applies on distributions to corporations if the requirements under the EU parent-subsidiary directive are met (i.e., broadly, a 10% minimum shareholding for an uninterrupted period of at least 24 months), subject to the provisions of the anti-abuse rule (see "Participation exemption," above). The same requirements for an exemption apply to dividend distributions between domestic companies. A 5% withholding tax rate applies to dividends paid to resident individuals. No withholding tax is imposed on distributions of partnerships that maintain simplified accounting books.

**Interest:** The withholding tax rate on interest payments to residents and nonresidents is 15%, unless in the latter case the rate is reduced under an applicable tax treaty or where the interest paid to corporations is exempt under the EU interest and royalties directive, as transposed into Greek tax legislation.

**Royalties:** Royalties paid to individual residents and to nonresidents (corporations and individuals) are subject to a 20% withholding tax, unless in the latter case the rate is reduced under an applicable tax treaty or where the royalties paid to corporations are exempt under the EU interest and royalties directive, as transposed into Greek tax legislation. Royalties paid to resident corporations are exempt from withholding tax.

**Branch remittance tax:** There is no branch remittance tax.

**Fees for technical services:** Fees for technical, consulting, management, and similar advisory services paid to a nonresident entity are not subject to withholding tax (irrespective of the existence of a tax treaty). Payments for such services to Greek PEs of EU entities are exempt from withholding tax, whereas if the head office is resident in a non-EU country, a 20% withholding tax applies. Fees for technical, consulting, management, and similar advisory services paid to

individuals are subject to 20% withholding tax (subject to treaty relief in the case of nonresidents). Fees paid to resident entities are not subject to withholding tax.

**Other:** Fees for services relating to technical projects (e.g., construction/installation services, etc.) and paid to a resident or nonresident entity are subject to 3% withholding tax, subject to relief under an applicable tax treaty in the latter case.

## Anti-avoidance rules

**Transfer pricing:** Transactions between related parties (both domestic and foreign) must be carried out on arm's length terms. Greece allows the following transfer pricing methods: comparable uncontrolled price, cost plus, transactional net margin method, resale price, and profit split. Transfer pricing documentation must be prepared.

Country-by-country (CbC) reporting and/or notification obligations apply to certain multinational enterprise groups that have consolidated group revenue exceeding EUR 750 million in the fiscal year preceding the fiscal year to which the CbC report relates.

**Interest deduction limitations:** In line with the EU anti-tax avoidance directive (ATAD), which has been transposed into Greek tax legislation, the thin capitalization rules disallow a deduction for certain interest paid on all categories of debt. The restriction is based on net interest expense (interest payable less interest received). Generally, net interest expense exceeding EUR 3 million is deductible up to 30% of EBITDA after tax adjustments.

**Controlled foreign companies:** Greece has implemented CFC rules based on the ATAD. The CFC rules provide, broadly, that the undistributed passive income (e.g., dividends) from affiliates of a foreign subsidiary satisfying certain conditions will be attributed to and taxed in the hands of the Greek resident controlling shareholder (i.e., direct or indirect ownership exceeding 50%). The application of the CFC rules results in the taxation of "deemed" income as business profits. The CFC rules may not apply in cases where a CFC carries out substantial economic activities (as supported by personnel, equipment, assets, and facilities/premises) evidenced by relevant facts, except in cases where the CFC is tax resident in a country that is not a contracting party to the EEA Agreement.

**Hybrids:** In line with the provisions of the EU parent-subsidiary directive, Greek tax legislation provides rules for tackling hybrid mismatch issues. Specifically, inbound dividends at the level of a Greek parent entity may be tax exempt under the directive (as implemented in Greek tax legislation) but only to the extent that the relevant income is not treated as a tax-deductible expense (e.g., interest) at the level of the payer/subsidiary. Greece has recently implemented the ATAD anti-hybrid rules in their entirety, except for provisions referring to reverse hybrid mismatches. The provisions incorporate the relevant rules of the ATAD, which are largely inspired by action 2 (Neutralizing the Effects of Hybrid Mismatch Arrangements) of the OECD's base erosion and profit shifting (BEPS) project. The hybrid mismatch rules apply as from 1 January 2020.

**Economic substance requirements:** Although there are no specific rules governing economic substance requirements in Greek tax law, some guidance can be implied by reference to other provisions in the tax law, namely, the tax residency criteria and the CFC legislation. Both provide guidance for examining and interpreting substance requirements/criteria. For example, the place of effective management is considered to be the main criterion to determine the Greek tax residence status of a corporate entity and the CFC rules consider an activity to be a substantial economic activity (necessary for the CFC rules not to be invoked) if it is supported by personnel, equipment, assets, and facilities/premises evidenced by the relevant facts and circumstances.

**Disclosure requirements:** Filing and publication of annual financial statements are required.

**Exit tax:** Greece recently implemented exit tax rules under the ATAD that apply as from 1 January 2020. Exit tax applies to a transfer of assets from a head office to a PE or between PEs, as well as to transfers of business activity carried on by a PE in Greece, in another EU member state or in a third country to the extent that Greece no longer has the right to tax the transferred assets as a result of the transfer. It also applies, in principle, when a taxpayer transfers its tax residence to another EU member state or to a third country. These provisions do not apply to individuals. The relevant taxable basis is the market value of the assets transferred, minus their value for tax purposes at the time of exit. Furthermore, the tax is calculated by applying the corporate income tax rate applicable for the tax year of the exit.

**General anti-avoidance rule:** Under the general anti-avoidance rule, the tax authorities may disregard any non-genuine arrangement or series of arrangements whose purpose is to evade taxation and lead to a tax advantage. An arrangement is considered non-genuine if it is not put in place for valid commercial reasons that reflect economic reality. The rules reflect the relevant provisions of the ATAD, which have been implemented into Greek tax legislation.

**Other:** Transactions with persons located in “black-listed” offshore and beneficial tax regimes are subject to anti-avoidance provisions that could result in the disallowance of expenses for tax purposes. Moreover, anti-abuse rules regarding the application of the participation exemption regime (see “Participation exemption,” above) and business transformations have been enacted.

## Value added tax

Rates	
Standard rate	24%
Reduced rate	6%/13%

**Taxable transactions:** VAT is imposed on the sale of goods, the provision of services, and the supply of new buildings when Greece is the place of taxation, in accordance with the place of supply rules. VAT also is due on intracommunity acquisitions or imports of goods from non-EU countries, and on the receipt of services from EU or non-EU-based suppliers.

**Rates:** The standard VAT rate is 24%, the reduced rate is 13%, and the super-reduced rate is 6%. Specific supplies are exempt, with or without the right to deduct input VAT.

**Registration:** Nonresidents making taxable supplies of goods or services in Greece are required to register for VAT purposes. A registration threshold of EUR 10,000 applies for Greek residents and a EUR 35,000 threshold applies for nonresidents carrying out distance sales.

**Filing and payment:** VAT returns are due on a quarterly or monthly basis, depending on the type of books kept by the VAT payer. The VAT payment may not necessarily follow the filing of the VAT return. In cases where the amount of VAT due does not exceed EUR 30, the liability is transferred to the next tax period; if the amount due exceeds EUR 100, it may be paid in two equal consecutive monthly installments, without any additional charges. The amount of the first installment must be paid by the last business day of the month in which the VAT return was submitted, and the second by the last business day of the next month.

A statistical declaration (Intrastat) and EC sales/acquisitions lists must be submitted on a monthly basis if intracommunity transactions take place.

## Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply both to companies and individuals and are imposed at the national level.

**Social security contributions:** The employer must contribute approximately 24.81% of the employee's gross salary to the social insurance fund. The majority of salaried employees must contribute approximately 15.75% to the fund.

As from 1 June 2020, the social security contribution rates for full-time salaried employees have been reduced by 0.9% (a 0.48-percentage point and a 0.42-percentage point reduction in the employer and employee contribution, respectively). Therefore, as from 1 June 2020, the employer must contribute approximately 24.33% to the fund, while the full-time salaried employee must contribute approximately 15.33%.

**Payroll tax:** Employers are required to operate under a Pay-As-You-Earn system (PAYE), according to which withholding tax is imposed on salary payments to employees.

**Capital duty:** A 1% capital duty is payable on share capital increases. The issuance of share capital upon the formation of a company is exempt from capital duty, as is capital invested exclusively in R&D activities. A 0.1% surcharge for the benefit of the competition committee applies on the contribution of capital to an SA (whether upon formation or an increase).

**Real property tax:** Real estate ownership tax is imposed annually on property located in Greece. The tax consists of two elements: the main tax and an additional tax. The main tax is calculated according to the size, location, zone price, surface, age, use, and other characteristics of the property. For companies, the additional tax is calculated at a rate of 0.55% on the total tax value of all of the company's property. Property occupied by the company is subject to a 0.1% additional tax. For individuals, the additional tax is calculated on the total tax value of all the taxpayer's property if the total value exceeds EUR 250,000. The additional tax rate ranges from 0.15% to 1.15%, depending on the value of the property.

For companies, there also is an annual special tax of 15% of the tax value of property, subject to certain exemptions. The tax normally is not payable if the company discloses its shareholders up to the level of the individual or a qualifying investment firm/fund.

A special real estate duty is payable to the municipal authorities, at rates ranging from 0.025% to 0.035%.

**Transfer tax:** Real estate transfer tax (RETT) is imposed on the value of transferred property at a flat rate of 3.09% (including the municipality surcharge). RETT is not imposed if VAT is due on the purchase of new buildings.

**Stamp duty:** Stamp duty may be imposed on certain transactions. Stamp duty of 1.2%, 2.4%, or 3.6% applies, depending on the transaction. The usual rate for transactions between individuals is 3.6%.

**Net wealth/worth tax:** Greece does not have a net wealth tax or a net worth tax.

**Inheritance/estate tax:** For close relatives, inheritance tax at rates ranging from 1% to 10% is imposed on the "tax value" of real estate after the deduction of a tax-free amount, which varies depending on the taxpayer's relationship with the deceased. For other heirs, the applicable rates range from 0% to 40%.

**Other:** Special tax regimes apply to shipping companies, coordination centers, real estate investment companies, and mutual funds.

In addition to transfer taxes (e.g., on real estate), acquisitions can result in income tax if they cannot be justified by the taxpayer's declared revenue (deemed income). If there is a difference between the taxpayer's real income (declared in the tax return) and the deemed income, the difference is subject to income tax, depending on the type of income. Deemed income is calculated based on the assets owned or transactions carried out by the taxpayer—i.e., loans, automobile purchases, donations, purchases of securities, etc.

**Tax treaties:** Greece signed the OECD multilateral instrument (MLI) on 7 June 2017. For information on Greece's tax treaty network, visit [Deloitte International Tax Source](#).

**Tax authorities:** Ministry of Finance, Public Revenue Independent Authority

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