



Guidance on credit for corporate tax paid on foreign dividend income earned by tax resident individuals

Circular No. E.2018/2019, which was issued by the Greek tax authorities on 28 January 2019, provides guidance on the foreign tax credit that is granted for dividends derived by Greek tax resident individuals from a foreign company in a case where an applicable tax treaty provides for a tax credit for both the withholding tax on the dividends and the underlying corporate tax corresponding to the distributed dividends.

Contact

Achilleas Miltsanidis

Tax Partner
amiltsanidis@deloitte.gr
Tel: +30 210 6781289

Konstantinos Roumpis

Tax Principal
kroumpis@deloitte.gr
Tel.: +30 210 6781272

Based on the circular, when a relevant tax treaty contains such provisions, the jurisdiction where the individual shareholder is a tax resident should credit not only the withholding tax on dividends, but also the corporate tax payable by the distributing company in respect of the profits out of which the dividends are distributed (i.e. an underlying tax credit).

Greek tax treaties that currently provide for an underlying tax credit are as follows:

- Albania
- Armenia
- Georgia
- Estonia
- United Kingdom
- China
- Cyprus
- Latvia
- Lithuania
- Uzbekistan and
- Slovenia

To receive the foreign tax credit, a resident individual must submit a certificate from the tax authorities of the other contracting state to the Greek tax authorities that must include details on the legal entity distributing the profits, a confirmation of its tax residence status, the amount of income tax paid by the legal entity, the share capital of the shareholder, the amount of the dividend received and the corresponding corporate tax payable.



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