TAXAND

GREECE

1. INTRODUCTION

a. Forms of Legal Entity

Businesses in Greece most commonly adopt the forms of a société anonyme (“Ανώνυμη Εταιρεία” or “AE”), limited liability company (“Εταιρεία Περιορισμένης Ευθύνης” or “ΕΠΕ”) or private company (“Ιδιωτική Κεφαλαιουχική Εταιρεία” or “IKE”), all of these forms of companies being referred to as ‹corporations’ (“κεφαλαιουχικές εταιρείες”). One of the common features of corporations, as opposed to partnerships, is that the liability of their shareholders or members is in principle limited to the capital contributed. Large companies most commonly take the form of an AE, which unlike the ΕΠΕ and IKE is subject to a minimum capital requirement (i.e € 25,000 as of 1 January 2019). The ΕΠΕ constitutes a corporate vehicle of choice for small and medium-sized businesses. However, the popularity of the IKE form has risen in recent years in view of the fact that it offers a more flexible structure compared to an EPE.

Small and medium-sized enterprises engaged in services activities and family businesses often take the form of a general partnership (“Ομόρρυθμη Εταρεία” or “OE”) or limited partnership (“Ετερόρρυθμη Εταιρεία” or “EE”). Corporations and partnerships alike are taxed as separate legal entities.

b. Taxes, Tax Rates

Resident companies are subject to corporate income tax on their worldwide income while permanent establishments of foreign companies are subject to corporate tax on the income attributed thereto. All revenues derived by companies are considered business income and are subject to corporate income tax. The corporate income tax rate that was originally set at 29% for income arising within fiscal years starting as of 1 January 2015 until 31 December 2018 has been reduced to 24% for the income of fiscal years 2019 onwards. Profits earned by credit institutions that have opted to apply a scheme available for enhancing capital adequacy which consists of conversion of deferred tax assets into deferred tax credits against the Greek State. Such credit institutions are subject to 29% tax rate.

Under the domestic dividend withholding tax system, dividends/profits distributed by resident companies are subject to withholding tax at a rate of 5% for dividend/profits distributed as from 1 January 2020, which is reduced under the applicable treaty for the avoidance of double taxation or eliminated under the EU Parent & Subsidiary Directive. No withholding tax applies on profits distributed by partnerships maintaining single entry books, which is the case for taxpayers with turnover that is lower than € 1,500,000.

c. Common divergences between income shown on tax returns and local financial statements

The accounting treatment forms the basis for the determination of taxable profits, except where the tax rules state differently, as is the case with respect to non-tax deductible expenses, excess depreciations and/or provision not provided in the tax law, including as regards the legal classification of a transaction.

2. RECENT DEVELOPMENTS

a. Recent tax changes

A recently introduced regime offers tax incentives for the establishment in Greece of family offices managing and administering the wealth and assets of Greek tax resident individuals and their families. Qualifying family offices should incur annual expenditure of at least EUR1 million and should employ at least five employees. The taxable gross revenues of family offices are determined by adding a 7% profit mark-up on all costs incurred, thereby ensuring the full tax deductibility of the relevant costs. Services provided between the family office and its members shall fall outside the scope of VAT.

GREECE

The Law 89 cost plus regime for shared-service centers established in Greece (either in the form of a separate affiliate or as a non-resident company), allowing the advance pricing of intragroup services, is being constantly modernised and enhanced, with the last amendments having occurred in July 2020. The regime offers tax certainty, in that all expenses taken into account for calculating the profit margin are deductible whereas it is ensured that the said activities do not give rise to effective management in Greece. Qualifying activities include consulting services, software development, IT support, data management and storage, HR management and training, supply chain management, and computer-based call centers. Straightforward cash subsidies are also available for new types of activities and additional job positions.

Subject to a governmental audit, a supertax deduction of an additional 100% of certain R&D expenses, including any depreciation of machinery and equipment used for R&D purposes, is available at the time such expenses are realized. The said rate has been increased from 30% to 100% applicable as of 1 September 2020.

Other recent changes include:

- The reduction of the corporate income tax rate from 28% to 24% with effect from 1 January 2019.
- The reduction of the domestic dividend withholding tax rate from 10% to 5% for distributions following 1 January 2020.
- The introduction of capital gains participation exemption. As from 1 July 2020, Greek legal persons are exempt from tax on capital gains arising from the disposal of shares in EU Parent-Subsidiary Directive-qualifying subsidiaries insofar as they hold at least 10% participation in those subsidiaries for a minimum holding period of 24 months.
- The introduction as of 1 January 2020 of favourable tax treatment for stock options and share plans allowing for relevant benefit to be taxed, under conditions, in accordance with the capital gains tax provisions and not as salary income.
- The implementation of e-books and e-invoicing processes resulting to the entering of the taxpayers record on an online platform of the tax administration enabling thus direct audit verifications. Based on the latest extension provided by the Greek Tax Administration, the mandatory implementation of e-books commences as of 1 April 2021. A set of incentives was also introduced for the implementation of e-invoicing through E-invoicing Providers as an exclusive method of fiscal documents issuance. Such option must be declared with the Tax Administration and excludes the hard copy issuance of fiscal documents for as long as it applies. Incentives introduced for businesses implementing e-invoicing through Providers consist of: Reduction of the Statute of Limitation period from 5 to 3 years for fiscal years in which e-invoicing applies; Granting of a 100% super-deduction of the expenses incurred for, initial purchase of technical equipment and software required for e-invoicing implementation (one-off depreciable); production, transmission and electronic archiving of e-invoices for the first year of issuance of sales fiscal documents; and reduction of the tax refunds processing time by the Tax Administration from 90 days to 45 days.
- The implementation of parts of the EU tax avoidance package including the exit taxation rule and rules on hybrid mismatches with third countries.
- The implementation of DAC6 mandatory disclosure of aggressive tax planning arrangements by intermediaries was also transposed into domestic legislation within 2020.
- Transposition of, Council Directive (EU) 2017/1852 on tax treaty dispute resolution mechanisms aiming to establish an effective and efficient procedure to resolve tax disputes.

b. Coronavirus Aid Relief related tax changes

The Greek Government has introduced, starting from March 2020, a set of temporary measures to financially support enterprises whose business was being disrupted (the "affected enterprises"). Greek enterprises qualify as "affected" to the extent that their operation was suspended by virtue of State decision and/or their active primary Business Activity Codes (KAD) are included in a list published and revised by the Ministry of Finance. Measures in question concern a number of financial liabilities of affected enterprises and are generally subject to the condition that the benefiting enterprises retain their employees. Relevant measures have been implemented and in many cases extended. The initial lockdown period was from 23 March to 3 May 2020 and some measures have been further extended and are valid until the year 2021 (e.g. extension of payment of certain tax and social security liabilities) while the list of "affected enterprises" is being regularly revised with the addition and or deletion of categories of affected enterprises. Such measures include:

- Extension of VAT and social security payments.
- Extension of payment of assessed debts and instalments of arrangements/ settlement schemes.
- Granting of Discount in case of timely payment of taxes and social security contributions.
- Extension of deadlines of various tax returns due to the restrictions resulting of the lockdown.
- Reduction of the VAT rate from 24% to 6% on products necessary for the protection from the coronavirus and its containment 24 March 2020.
- Acceleration of tax refunds of amounts not exceeding €30,000 by the tax authorities.
- Financing of affected enterprises in the form of a refundable prepayment.
- Extension of various deadlines in connection with tax audits, administrative and of judicial appeals.
- Reduction of rentals by 40% applicable both to businesses and their employees whose employment contracts have been suspended.
- Tax credits and refunds to real estate owners whose rental income has been reduced by law.
- Reduction of the tax prepayment assessed with the income tax return filed within 2020 to report income of FY 2019 proportionally to the reduction of the taxpayer's revenues during the first semester of 2020 compared to the respective semester of 2019.

3. SHARE ACQUISITION

a. General Comments

Most M&A transactions are structured as share acquisitions. Share acquisitions are exempt from indirect taxes (VAT and stamp duty), real estate transfer taxes and transfer taxes with an exception of a 0,20% sales tax that applies exclusively in case of transfer of shares admitted for trading in a stock Exchange (see below in section f).

GREECE

Share transactions are also preferable by non-resident corporate sellers since capital gains earned on the sale of shares in local companies are not subject to tax, provided that the shares are not held through a permanent establishment in Greece. As regards Greek corporate sellers gains from the sale of shares are either exempt from tax in case of transfer of shares in qualifying subsidiaries or are included in the selling resident company's or permanent establishment's income and taxed at the ordinary corporate income tax rate. As from 1 July 2020 Greek legal persons are exempt from tax on capital gains arising from the disposal of shares in EU qualifying subsidiaries insofar as they hold at least 10% participation in those subsidiaries for a minimum holding period of 24 months.

b. Tax Attributes

Tax losses carried forward are forfeited in case of a direct or indirect change of the shareholders participation by more than 33% within a fiscal year resulting also to a change of the company's business activity within the same or the next fiscal year in a way that affects more than 50% of its turnover as compared to the turnover prior to the change. Change in control may render some non-taxable reserves taxable depending on the special incentive framework that has been applied for their formation and the classification of the purchaser as micro, small, medium and large sized enterprises in accordance with the Commission Regulation (EU) No 651/2014.

c. Tax Grouping

There is no consolidated tax grouping regime in Greece.

Subject to anti-abuse rules, in certain circumstances tax losses of transferring (i.e absorbed) entities in mergers can be offset with profits of the acquiring company, including post-merger profits.

d. Tax Free Reorganisations

There are several frameworks for achieving a tax-neutral restructuring in Greece. Greek laws providing for a tax neutral restructuring are the Greek tax incentive laws (i.e 2166/1993 or 1297/1972), Law 2578/1998 on cross-border mergers among EU entities and Law 4172/2013 introducing the provisions of the EU Merger Directive for both domestic and cross border restructurings among EU entities. Available options are mergers, demergers, partial demergers, spin-offs, contributions of businesses or business sectors, share exchanges, and conversions in the legal form of the company.

The requirements, procedure and impact (e.g. entitlement to carry forward tax losses, restrictions upon future sale of assets, legal and economic effects of the merger) vary depending on the legal framework to apply. Therefore, an analysis is to be made prior to opting for the tax framework to apply in each merger taking into account the background of the companies involved.

e. Purchase Agreement

Share purchase agreements for the transfer of shares in Greek Societe Anonymes ("AEs") and Greek Private Companies ("IKEs") are most commonly in the form of a private agreement. On the other hand the transfer of parts in Limited Liability companies ("EPE") should be vested in a notarial deed. Prior to the execution of the purchase agreement buyers of parts in Private Companies ("IKEs") and Limited Liability companies ("EPEs") should obtain a Greek tax identification number with the Greek Tax Authorities which requires the filing of legalisation documents, certificates of good standing and tax certificates as well as the appointment of a tax representative in Greece. The common structure for holding Greek businesses or Greek real estate is through Greek corporations.

GREECE

Tax representations & warranties and tax indemnifications are commonly included in the share purchase agreement. Particular attention should be paid to the time limitation of the tax indemnification clauses in view of the various statute of limitation ("SOL") that apply for fiscal years before and after 2014 as well as of different type of taxes, e.g. property taxes, indirect taxes, gift taxes. Current SOL in case of infringements that are classified as tax evasion is ten years.

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

There are no transfer taxes on share transfers with an exception of a sales tax at the rate of 0.2% which is levied on sales of shares listed on the Athens Stock Exchange effected on or off exchange. The tax is also levied on sales, effected by Greek residents, of shares listed on foreign stock exchanges or equivalent institutions. The tax is paid by the seller. Certain exemptions apply in respect of transactions in listed shares by market makers.

No transfer taxes or registration duties are applicable on shares transfers of companies holding real estate assets.

g. "Purchase accounting" applicable to share acquisitions

Purchase accounting is not prescribed per se in Greek law. Applicable Greek accounting rules (prescribed under L. 4308/2014 "Greek Accounting Standards") provide for guidelines in relation to consolidation methodology of entities subject to consolidation requirements which under conditions could be similar to purchase accounting.

h. Share Purchase Advantages

In cases of stock purchases there are limited opportunities to increase the tax basis of the assets or other attributes of the target. An increase may be possible, under specific requirements, in the context of an internal corporate restructuring (e.g. merger, demerger, spin off) to be implemented post acquisition by means of Greek tax incentive law 1297/1972 which provides for a valuation of the assets and liabilities of the entity being restructured and a formation of an untaxed reserve to be taxed upon the dissolution of the company.

There is no procedure for finalising entities' tax exposure prior to acquisition, as taxpayers cannot request the initiation of the conduct of a tax audit. Tax audits are prioritised based on an automated objective assessment model following the application of risk analysis criteria that are determined by the Tax Authorities and are not disclosed.

i. Share Purchase Disadvantages

Contrary to asset deals, the buyer is not entitled to allocate the purchase value to the underlying assets of the target, to depreciate the acquisition value of the shares and to deduct business expenses incurred for the acquisition of the shares. In addition interest expenses and other financing costs to finance the shares purchase are not deductible against dividend income earned from the company that qualifies for dividend participation exemption. Pre-existing liabilities of the target remain with the target while relevant risks can be mitigated through contractual terms of the stock purchase agreement.

4. ASSET ACQUISITION

a. General Comments

Asset transactions and/or transfer of business as a going concern are subject to indirect taxes (either VAT or stamp duty) as well as to real estate transfer tax in case of transfer of real estate. In many cases relevant transaction have to be vested in a notarial deed (e.g. in cases of real estate transfers and/or transfer of businesses or business units) and therefore the buyer incurs additional fees and registration duties. The buyer is entitled to deduct for corporate income tax purposes interests and financing costs as well as any other business expense incurred for the acquisition of the assets.

In cases of transfers of real estate real estate transfer tax is paid before the execution of the notarial deed to the tax authority where the real estate is located. Land registration duties are paid to the land registry or the Cadastral for the registration of the deed. In cases of transfers of business as a going concern stamp duty is paid to the tax authorities within five days from the execution of the purchase agreement.

Gains from the transfer of assets are included in the selling Greek company's or permanent establishment income and taxed at the ordinary corporate income tax rate.

b. Purchase Price Allocation

Purchase price is allocated to the assets (tangibles and intangibles). In cases of transfer of a business as a going concern purchase price allocation corresponds to the book value of the assets and liabilities transferred plus goodwill.

c. Tax Attributes

In an asset deal the tax attributes (tax losses, reserves, interests) remain with the selling company and are not transferred to the buyer. In cases of transfer of business as a going concern reserves that form part of the business are also transferred to the purchaser along with the business's assets and liabilities.

d. Tax Free Reorganisations

Regarding the tax-free reorganisation regimes, please refer above to Section III.

e. Purchase Agreement

Asset purchase agreement may be in the form of a private agreement. However a notarial deed is required in case of real estate acquisition or in case of acquisition of business as a going concern.

f. Depreciation and Amortisation

Goodwill may be realised in the context of either an acquisition of business as a going concern or as an acquisition of standalone intangible assets (such as IP rights, clients lists, etc) or a result of a merger to take place following the acquisition of shares of the target company to be merged. According to Greek GAAP, goodwill with indefinite useful economic life (UEL), is not subject to amortisation but should be annually tested for impairment. In case the UEL cannot be reliably estimated, goodwill is amortised equally within ten years. Tax wise, in case of asset/transfer of business transactions goodwill is amortised at a 10% rate annually. The same rules also apply for similar intangible assets (e.g. development costs, capitalised repair and maintenance costs etc.).

In cases of mergers, goodwill reflects the difference between the shares acquisition cost and the net asset value of the assets and liabilities of the merged company. If that difference is positive, it represents goodwill, which should be recorded in a special account and be subject to amortisation depending on its UEL. For tax purposes, relevant goodwill is not deductible for tax purposes. If the difference is negative, it constitutes a gain from bargain purchase, which should be recorded as profit in the Income Statement of the respective consolidated accounts.

g. Transfer Taxes, VAT

Asset deals are subject to indirect taxes. Transfer of business as a going concern transactions are subject to stamp duty at a 2.4% rate which is computed on the higher between the business net asset value or the consideration agreed and is deductible for corporate income tax purposes. Stamp tax is commonly paid by the acquiror, although the parties may freely negotiate the party to undertake relevant tax cost. Transfers of single assets are in principle subject to VAT at 24%, which is recoverable. Transfer of real estate is subject to real estate transfer tax at a rate of 3.09% on the higher value between the consideration agreed or the statutory value (i.e a value determined on the basis of specific coefficients and zones values determined by the Tax Authorities).

Exceptionally transfers of new buildings (i.e buildings with building permit following 1 January 2016 which have not been used prior to their transfer) are subject to VAT at 24%. Nevertheless, sales of new buildings within the period 2020-2022, can be exempt from VAT, if the Seller opts not to apply VAT on relevant sale and waives its right to deduct the VAT on the construction cost.

h. Asset Purchase Advantages

The buyer is entitled to deduct for corporate income tax purposes the business expenses incurred for the acquisition of the assets, including interests and other financing costs, and to perform depreciations on the assets' acquisition costs.

i. Asset Purchase Disadvantages

In cases of transfer of business as a going concern or business units the purchaser can be held jointly liable with the seller for pre-existing obligations of the business, up to an amount equal to the value of the assets acquired according to Civil Code rules (Article 479). The purchaser of a real estate property can be held jointly liable with the seller for property taxes corresponding to the real estate (see below).

Asset deals trigger higher indirect taxes and transaction costs compared to stock purchase transactions. Namely, asset deals are subject to indirect taxes as well as to real estate transfer taxes when real estate assets are transferred. Asset deals are often required to be vested in a notarial deed and therefore for the purchaser to incur additional fees and costs. By way of example purchasers of real estate are subject to real estate transfer tax at 3.09% and to notary fees and land registration duties which are roughly in the range of 2.5% of the transfer value of the real estate (see above, are the deadline and competent authority for the payment of the real estate transfer tax and the registration duties). In Greece the taxable basis for property taxes are the statutory values of the properties which are computed on the basis of specific formula on the basis of predetermined factors including zone values per locations. Zone values are supposed to be adjusted every two years for the purpose of reflecting market values. Therefore asset transactions do not reset the value of the specific real estate for property taxation purposes. However, real estate values evidenced through transactions are taken into account upon the readjustment of the zone values.

5. ACQUISITION VEHICLES

a. General Comments

The most commonly used acquisition vehicle is a Greek corporate entity in the legal form of an AE to be held by a non-Greek resident entity and to be financed through bond loans (see below in section 6e). The other corporate entity that is commonly used in an IKE. Holding the Greek investment/business through a separate entity grants flexibility upon future exit. Notwithstanding the above, Greek investments/assets/ businesses can be held also by foreign entities directly through a corporate branch.

b. Domestic Acquisition Vehicle

Regarding the different type of domestic acquisition vehicle, please refer to Section 1. The most commonly used domestic acquisition vehicle is an AE and for US investors that opt for check the box entities an EPE or IKE.

c. Foreign Acquisition Vehicle

A foreign acquisition vehicle may be used as the acquisition vehicle depending on the asset to be acquired and the envisaged business activities to be carried in Greece. The foreign acquisition vehicle shall establish a formal presence in Greece through the incorporation of a branch.

Similarly a foreign acquisition vehicle can act as shareholder of a Greek corporate entity. Dividend withholding tax applies at the rate of 5% for authorised dividend distributions by Greek corporate entities from 1 January 2020. Relevant withholding tax can be reduced or eliminated in case of distributions to foreign residents qualifying under the EU Parent Subsidiary Directive. In particular, no tax is imposed if the receiving EU parent company has a minimum 10% shareholding participation in a Greek company for an uninterrupted two year period and has a legal form qualifying for application of the Parent-Subsidiary Directive. On the other hand, there is no profit withholding tax upon the remittance of profits from the permanent establishment to the head office. In terms of exiting a Greek holding structure, foreign companies disposing their shares in Greek companies are not subject to Greek corporate income tax on their gain, provided that the shares were not held through a Greek permanent establishment of such foreign companies. Therefore, share deals work more efficiently from a tax perspective for foreign tax resident sellers.

d. Partnerships and joint ventures

Joint ventures are commonly used in Greece as acquisition vehicles for facilitating, inter alia, large scale investments in infrastructure projects. Under the general corporate income tax rules, Greek partnerships in the form of a general partnership or a limited partnership and joint ventures are treated as opaque and are taxed similar to local corporations. Partnerships with revenues not exceeding € 1,500,000 and which partners do not include corporations are taxed only at company level and are not subject to dividend and/or profits withholding taxes.

e. Strategic vs Private Equity Buyers

Both strategic and private equity acquirors commonly invest through Greek corporate entities.

6. ACQUISITION FINANCING

a. General Comments

There are no specific restrictions in Greece applicable to importation of foreign funds. The opening of a local bank account may take one to two months and is subject to standard customer KYC checks which require the delivery of documents and certificates by the company, the directors and all signatories.

b. Equity

Greece recently introduced a special tax regime for holding entities providing for dividends and capital gains participation exemption applicable only to EU qualifying subsidiaries. There is a dividend participation exemption regime applicable only with respect to dividends from EU based subsidiaries falling within the scope of the EU Parent-Subsidiary Directive (i.e minimum 10% shareholding participation, for an uninterrupted two year period and subsidiary having the legal form of the Annex of the Parent-Subsidiary Directive. Moreover, as from 1 July 2020, Greek legal persons are exempt from tax on capital gains arising from the disposal of shares in EU Parent-Subsidiary Directive-qualifying subsidiaries insofar as they hold at least 10% participation in those subsidiaries for a minimum holding period of 24 months. Under a grandfather clause, losses arising from the transfer of shares realised until 31 December 2022 shall be deductible for tax purposes to the extent that losses had been reflected in financial statement valuations having occurred until 31 December 2019.

Dividends received by Greek companies from EU-based subsidiaries that do not fulfil the conditions of application of the EU Parent-Subsidiary Directive are subject to the generally applicable corporate income tax rate. A tax credit is granted in this respect for withholding taxes as well as for corporate income tax corresponding to the amount of the paid dividends (underlying tax credit). Dividends received by Greek companies from non-EU-based subsidiaries are subject to the generally applicable corporate income tax rate and a tax credit is granted in this respect for withholding taxes.

Capital gains by Greek companies from the disposal of shares that do not fall within the capital gains participation exemption are treated as business income and are taxed at the standard corporate income tax rate.

Greek tax law does not provide for a tax deferral regime for capital gains on transfer of shares or assets. Tax deferral regimes are only available in case of qualifying corporate restructurings (see section 3d above).

Equity financing is subject to 1% capital accumulation tax while there is an exemption from said tax for newly incorporated entities. Relevant exemption was introduced back in 2014 as an incentive for stimulating the set-up of newly formed companies. In addition, payment of share capital into an AE is subject to a duty of 0.1% payable to the Greek Competition Committee.

A legal entity is considered as a Greek tax resident according to domestic tax residence rules if it is incorporated, seated or effectively managed at any time of the year in Greece.

c. Debt

i Withholding Tax on interest payments

Greek source interest payments are subject to 15% withholding tax based on domestic tax rules. Relevant withholding tax may be reduced on the basis of the applicable DTT between Greece and the country of the beneficiary of the income as well as to be eliminated for interest payments qualifying under the Interest Royalty Directive (i.e interest payment between qualifying entities, holding a minimum participation of 25% for an uninterrupted period of 24 months).

Interest payments effected as of 1 January 2020 towards non-resident individuals and legal entities which do not maintain a permanent establishment in Greece, are exempt from interest withholding tax insofar as such interest is on corporate bonds trading on trading venues within the EU or on organised markets outside the EU, provided such markets are regulated by an authority accredited by the International Organisation of Securities Commission.

ii Limitations on interest deductions

There are no thin capitalisation rules in Greece. Interest on debt financing of the acquisition of business assets are deductible subject to the earning-stripping rules. In particular, net interest expense, if in excess of € 3 million, is deductible provided that it does not exceed 30% of the company's EBITDA. EBITDA is assessed under the Greek accounting principles following the readjustments for tax purposes. Net interest is defined as the amount by which interest expenses on loans and other financing arrangements and relevant financing costs exceed interest revenues. Interest which exceeds the said thresholds may be carried forward indefinitely. Credit institutions, leasing and factoring companies are exempt from the scope of the earning-stripping rules (said rule has been assessed equally effective to the ATAD rule and may remain unchanged until 1 January 2024).

There are also restrictions on the deductibility of interest payable to tax residents (individuals or legal entities) in non-cooperative or preferential tax regimes.

The definition of "non cooperative" jurisdictions refers to states that are not members of the EU and which have been considered by the OECD as not being compliant with transparency and exchange of information standards. Same jurisdictions have neither signed a mutual assistance agreement with Greece in Tax Matters nor the Joint Council of Europe/OECD Convention on Mutual Administrative Assistance in Tax Matter nor have they committed themselves to the automatic exchange of financial information starting in 2018 the latest. Definition of "preferential tax regime" refers to states applying a tax rate that is lower than 60% of the tax rate applicable in Greece. Non cooperative and preferential tax regimes are to be defined by the Governor of the Independent Authority of Public Revenues annually.

In case of share deals and based on the guidelines of the Ministry of Finance interest on loans for the financing or the acquisition of the shares in entities qualifying for the dividends and capital gains participation exemption is not tax deductible.

iii Related Party Debt

Interest on related party loans is subject to transfer pricing rules whereas interest on third party loans, other than interest on loans by banks, inter-bank loans, as well as corporate bond loans, exceeding specific statistical thresholds set by the Bank of Greece is not deductible. For corporate law purposes, the granting of loans to affiliated entities is subject to prior corporate approvals and publications in the Companies Registry.

GREECE

iv Debt Pushdown

Following the introduction of the new ITC effective as of 2014 and the limitation of the interest deduction on borrowing for financing the acquisition of shares it is uncertain whether interest on debt incurred to acquire shares would be deductible if the entity holding the shares were to be merged with the target/operating entity. Moreover, the tax neutrality of a merger can be achieved only if the merger is carried out for valid commercial reasons. Therefore, a merger to be implemented for the sole purpose of facilitating a debt push down might not meet the business purpose test.

d. Hybrid Instruments

Corporate law on AE provides both for preference shares entitled to interest payments without any voting and dividend right as well as for profit participation bond loans. The Greek Tax Authorities have taken the position that interests paid to the holders of preference shares without voting and profit participation rights are not deductible from companies' gross revenues for tax purposes since they are treated as dividend. This position has recently been endorsed by the Supreme Court.

Greece has transposed the anti-hybrid rules of the EU Parent & Subsidiary Directives according to which the exemption from Greek corporate income tax on dividends received by Greek legal entities from EU subsidiaries will henceforth only apply to the extent that such profits are not deductible by the subsidiary. This amendment targets hybrid loans and aims at preventing situations of double non-taxation due to mismatches in the tax treatment of profit distribution between the state of the subsidiary and of the parent company.

Greece implemented the anti-hybrid rules in the context of the transposition of the EU Anti-Tax Avoidance Directive into Greek law. Relevant rules aim at ensuring that tax deductions or credits are taken only in one jurisdiction without resulting in double non-taxation.

e. Other Instruments

Bond loans are commonly used for financing purposes. In particular bond loans issued by Greek AEs in accordance with a special framework (previously Law 3156/2003 and currently Law 4548/2018) benefit from a wide scope of tax exemptions and reduced registration duties. Relevant tax exemptions include the exemption from Greek stamp tax -otherwise applicable at 2,4% on the amount of principal and interest on loan and the special banking contribution at 0,6% otherwise applicable in case of bank financing.

f. Earn-outs

Earn-out clauses may be agreed between the parties in the context of acquisition agreements. There are no guidelines by the Greek Tax Authorities in connection with the time that possible positive or negative price adjustment is taxable.

7. DIVESTITURES

a. Tax Free

There are no transfer taxes on transfers of non-listed shares issued by Greek companies.

Certain spin-off and demerger transactions can benefit from tax neutral reorganization regimes which allow for the deferral or permanent exemption of capital gains arising from such operations.

b. Taxable

Profits acquired in general by Greek tax resident taxpayers or Greek branches from the disposal of shares or business assets concur to form the taxable basis of the transferor for income tax purposes.

Profits from the liquidation of Greek companies are subject to tax to the extent in principle they exceed the capital contributions of shareholders into such companies.

As per new legislation incorporating the ATAD exit taxation rules, applicable in respect of transfers occurring from 01 January 2020 onwards, an exit tax liability shall in principle arise over unrealised gains upon the transfer of assets between a permanent establishment (PE) and its head office, the transfer of tax residence of a company or entity or the transfer of activities of a PE, towards an EU member state or third country, to the extent that Greece essentially loses its right to tax the assets/taxpayers involved thereafter.

A taxpayer shall be subject to corporate income tax on the amount of such gains calculated as per the market value of the transferred assets, as at the time of exit, less their value for tax purposes. The tax rate to be applied shall be the one applicable to business profits as at the FY of the exit.

A deferral option is granted to taxpayers involved in the transfer towards EU or EEA member states; the deferral shall entail the payment of the amount over five interest-free installments. The first installment needs to be paid at the time of filing of the exit tax return.

Sales tax on listed shares at the rate of 0.2% is levied on sales of shares listed on the Athens Stock Exchange effected on or off exchange.

c. Cross Border

Gains from the transfer of shares in Greek companies by non-resident companies are not taxable in Greece, provided they are not attributable to a permanent establishment in Greece.

8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or territorial tax system

Greek resident corporations are taxed on their worldwide income. Foreign tax residents maintaining a permanent establishment in Greece are taxed in Greece under a territorial system, i.e they are only taxed on Greek-source income. Profits distributed by EU qualifying subsidiaries to their Greek parent companies are exempt from corporate income tax in Greece, subject to specific requirements under the rules transposing the Parent-Subsidiary Directive. In such cases, apart from the generally applicable interest deductibility limitations, interest incurred as a result of financing the relevant participations is not deductible.

b. CFC Regime

Local corporations can be taxed on the so called passive income of their non-local subsidiaries as earned under CFC rules. In accordance with such rules, undistributed profits earned by a CFC are added to the taxable profits of the local corporation, under the following conditions:

- the local corporation directly or indirectly controls the foreign corporation;
- the actual corporate tax paid on the CFC's profits is less than 50% of the corporate tax that would have been charged on such profits in Greece
- more than 30% of the income accruing to the CFC falls within the following categories (the "passive income" approach):
    - interest or any other income generated by financial assets,
    - royalties or any other income generated from intellectual property,
    - dividends and income from the disposal of shares,
    - income from financial leasing and income from insurance, banking and other financial activities and
    - income from invoicing companies that earn sales and services income from goods and services purchased from and sold to associated enterprises, adding no or little economic value.

In the case of subsidiaries established in EU/EEA member states, the relevant subsidiaries are outside the scope of the CFC rule, provided that such entities carry on a substantive economic activity supported by staff, equipment, assets and premises, as evidenced by relevant facts and circumstances. In such case, the tax authorities bear the burden to prove the absence of a substantive economic activity.

c. Foreign branches and partnerships

Local branches of foreign corporations and partnerships are taxed similarly, in respect of their Greek profits, to Greek corporations and partnerships. Remittance of profits to the head office are not subject to Greek dividends withholding tax. In practice, the deductibility of interest payments to the head office may sometimes be challenged by the tax authorities.

d. Cash Repatriation

Cash can be repatriated as dividend distribution or as interest or other business expense payment and/or as return of share capital.

Capital controls were introduced in Greece in 2015 and have been lifted since September 2019.

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of “Real Property-Rich” Corporations

The new Greek ITC that has been in force since 1 January 2014 introduced a specific provision for real estate rich companies, i.e companies deriving more than 50% of their value from real estate. Based on relevant provision capital gains from the transfer of shares of real estate rich companies are treated similarly to the capital gains from the transfer of the real estate. Relevant provision has been under suspension since 1 January 2015 and up until 31 December 2022 and thus no guidelines regarding its application exist so far. Nevertheless, even if such rules were applicable to non-resident corporate sellers under domestic rules in cases of foreign tax resident corporate sellers that are tax residents in a country that has a DTT with Greece one would need to review relevant treatment on the basis of the applicable DTT.

Foreign investors acquiring Greek real estate need to review in advance whether the holding structure for the investment is exempt from the 15% Special Real Estate Tax (“SRET”). Relevant tax is a special anti-avoidance rule enacted as a mean to tackle tax avoidance achieved through the use of non-transparent corporate schemes put in place to hold Greek real estate. SRET is imposed annually at a 15% rate on the statutory value of the properties, unless the owners qualify for one of the applicable exemptions (e.g. business income exemption, the disclosure exemption, the listed entity, the regulated entity exemption etc.). Foreign investors should similarly undertake a targeted SRET due diligence prior to acquiring Greek real estate or shares in companies holding Greek real estate. This is because both shareholders and purchasers of real estate are jointly liable with the seller for any SRET liability of the company holding the property.

Purchasers of real estate are jointly liable with the Sellers for the property tax liabilities corresponding to the property with reference to the annual unified real estate tax and the municipality tax. Nevertheless, in the context of sales of real estates that are vested in a notarial deed Seller shall submit to the Notary Public certificates evidencing the duly payment of relevant taxes for the most recent five years. On the other hand no such certificates are required for the purpose of a share deal of corporate entities holding real estate. Thus compliance with property taxation is to be reviewed only in the context of the tax due diligence.

b. CbC and Other Reporting Regimes

Greece has enacted legislation introducing the automatic exchange of country-by-country reports among EU member states and OECD Multilateral Competent Authority Agreement signatory jurisdictions, as well as with the US. Country-by-country reporting obligations apply to multinational enterprise groups of an annual consolidated turnover exceeding the amount of €750 million. The first reporting year was the one starting after 1 January 2016. It should be noted that, an ultimate parent entity which is a tax resident in Greece (and falls within the scope of CbC Reporting) is always responsible for submitting the CbC Report. Surrogate reporting has also been adopted. A group entity which is tax resident in Greece yet not obliged to file the CbC report for the group, should still notify the Greek tax authorities of the identity of the group reporting entity and its tax jurisdiction by the end of the reporting fiscal year.

Provided that a Greek entity is required to file a CbC report in Greece, a penalty of € 20,000 shall be imposed in case of non-filing, whereas a penalty of € 10,000 shall be imposed in case of inaccurate or late filing. No penalties are prescribed for failure or delay in complying with the notification requirement.

10. TRANSFER PRICING

The Greek transfer pricing framework fully endorses the arm's-length principle, as defined in Article 9 of the OECD Model Tax Convention and interpreted by the OECD Transfer Pricing Guidelines, following updates pursuant to BEPS Actions 8 to 10. The arm's-length principle is to be respected in all types of domestic and cross-border related party transactions, dealings and business restructurings. Any individual or legal entity directly or indirectly holding 33% in the capital or voting rights of an enterprise is to be treated as a related party for transfer pricing purposes. The exercise of managerial control or decisive influence over an enterprise is also an element to define related parties, irrespective of any participation in the controlled enterprise's capital or voting rights, and is to be assessed on a case by case basis.

Transfer pricing documentation requirements for corporate taxpayers, including permanent establishments, adopting a two-tier approach have not been explicitly revised in the light of the Action 13 recommendations, save for the CbC reporting which was implemented in 2017. Enterprises and permanent establishments operating in Greece must report and document intra-group transactions or dealings on an annual basis, provided certain quantitative thresholds are satisfied. The deadline for drafting the transfer pricing file and for filing the summary information table is concurrent with the one for filing of the annual corporate income tax return. Violation of the arm's length principle leads to an adjustment of the taxable profits of the audited enterprise, for the purposes of assessment of taxes, and to the imposition of penalties for having filed inaccurate corporate income tax return. Without prejudice to the penalties for inaccuracy of tax returns filed, documentation related penalties also apply.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities

The use of hybrid entities is not common in Greece as the Greek ITC attributes a taxable status (opaque status) to almost any type of domestic companies, irrespective of their legal personality i.e irrespective of whether they are incorporated as general partnership, limited partnership, civil company, for profit or not-for-profit silent company, profit-aiming joint venture operating within the Greek territory, societe anonyme, limited liability partnership and private company.

b. Use of Hybrid Instruments

As regards the hybrid instruments and relevant considerations, please refer to Section 6d. Greece has also implemented the measures set forth in the Anti-Tax Avoidance Directive (EU) 2016/1164, as modified by Council Directive (EU) 2017/952 ("ATAD") in relation to the anti-hybrid mismatches.

c. Principal/Limited Risk Distribution or Similar Structures

Limited risk distributors and/or toll manufacturers are commonly used arrangements for the Greek activities of multinationals. Relevant arrangements are examined in the context of transfer pricing audits, focusing primarily on whether the return of the local entity can be considered consistent with the arm's length principle taking into account its functional and risk profile.

d. Intellectual property (licensing, transfers, etc.)

Intragroup business restructurings, including the transfer of intangible assets between associated enterprises are subject to Greek transfer pricing rules and shall comply with the arm's-length principle.

Special tax incentives apply for profits derived by the sale of the assets or the provision of services that incorporate patents developed by the undertaking. The relevant tax incentive provides for an exemption of the respective profits from corporate income tax for a period of three years. Relevant profits are recorded in non-taxable reserves until they are distributed or capitalised.

No patent box regime is provided in Greece. However, specific incentives apply to instruments and equipment used for research and development, as well as R&D expenses including amortisation of instruments and equipment used for R&D are subject to a 200% super-deduction under specific requirements.

e. Special tax regimes

Greece has special tax regimes for certain types of activities and business sectors, namely:

- the cost-plus regime applicable to licensed Greek companies and permanent establishments of foreign entities whose exclusive activities in Greece are the provision of certain services to their head offices or to other associated foreign companies;
- the tonnage tax regime applicable to vessels and shipping enterprises;
- the venture capital companies and funds regimes; and
- a special regime for projects in connection with constructions and engineering works outside Greece undertaken by Greek companies or foreign companies licensed to maintain an office in Greece.

12. OECD BEPS CONSIDERATIONS

Greece is already largely compliant with the principles developed and the measures recommended by the OECD/G20 BEPS action plan. In addition, being an EU member state, Greece is bound to transpose into domestic law the EU Directives that implement OECD/G20 BEPS conclusions at EU level. Since the introduction of a new income tax code on 1 January 2014, Greece has already implemented certain measures which are compliant with the BEPS principles, namely CFC rules (Action 3), interest deduction limitations (Action 4), the EU Directives providing for automatic exchange of information on cross-border tax rulings and advance pricing agreements between EU member states (Action 5), has updated its domestic legal framework regarding the mutual agreement procedure under tax treaties through the introduction of special rules in the Tax Procedures Code and the publication of administrative guidelines (Action 14). Also, the current legal framework fully endorses the arm's length principle, as defined in Article 9 of the OECD Model Tax Convention and interpreted by the OECD Transfer Pricing Guidelines, following the revisions introduced as a result of Actions 8–10.

Greece has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("MLI") (BEPS Action 15) adopting measures relevant inter alia to the (a) prevention of treaty abuse (principal purpose test), (b) improvement of the mutual agreement procedure and (c) introduction of measures related to the arbitration procedure. On the other hand, Greece has not opted in measures relevant to permanent establishment status.

13. ACCOUNTING CONSIDERATIONS

a. Combinations

Purchase accounting is not prescribed per se in Greek law. Applicable Greek accounting rules (prescribed under L. 4308/2014 "Greek Accounting Standards") provide for guidelines in relation to consolidation methodology of entities subject to consolidation requirements which under conditions could be similar to purchase accounting.

Tax depreciation treatment following combinations depends largely on whether such combinations are effected under a tax neutral reorganization regime or not. Moreover, only the reorganization regime of Law 1297/1972 allows for the partial stepping-up for tax purposes of assets transferred under a combination (such as a merger).

As regards valuation matters, whether a valuation is required under combination transactions is a matter governed by corporate law which in principle requires a valuation to be undertaken in cases where reorganisations entail an increase of the share capital of the receiving company.

b. Divestitures

Divestitures involving the transfer of assets instead of shares are more challenging from an accounting perspective given that the price must be allocated to each of the assets to be transferred including goodwill.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

Refund of previously injected capital authorised by means of a corporate resolution approving a share capital reduction is not subject to tax. On the other hand profit distributions of earnings, retained earnings and/or reserves are subject to corporate income tax at the standard corporate income tax rate as well as dividend withholding tax unless a reduced or a nil withholding tax applies based on a DTT or the PSD.

Exceptionally non-taxed reserves formed on the basis of specific tax incentive laws may be subject under specific requirements to reduced corporate income tax rates provided that they are capitalised against shares and they are not returned to the shareholders through a share capital reduction within a ten years period following their capitalisation.

b. Substance Requirements for Recipients

There are no uniform rules related to the substance of non-local recipients. Guidelines can be found on a case-by-case basis with respect to certain specific anti-avoidance provisions. Factors which can be taken into account are physical presence, full-time employees, active VAT number and taxation. Financial statements and information about the business organisation can also be taken into account along with the other factors.

c. Application of Regional Rules

Greece has transposed into domestic legislation the rules of the (“ATAD”). ATAD introduces five anti-abuse measures against corporate tax avoidance, i.e CFC rules, the general anti-avoidance rule, the interest barrier rules, the exit taxation rules and the rules on hybrid mismatches.

d. Tax Rulings and Clearances

With the exception of the Advance Pricing Agreement (“APA”) procedure that is available in Greece since 1 January 2014 there is no other specific procedure for the submission of tax rulings in Greece. As regards the APA procedure related parties, as well as head offices and PEs, can obtain an advance ruling that their pricing policies are regarded as being at arm’s length. Taxpayers are eligible to apply either for unilateral APAs that protect against a transfer pricing readjustment in Greece only or for bilateral APAs that would require both countries to reach an agreement on that the prices charged between the PE and the head office are at arm’s length.

15. MAJOR NON-TAX CONSIDERATIONS

Business restructurings are to be implemented on the basis of the corporate framework that provides both for the eligible reorganisations and for the procedure to be followed. It is noted that the corporate framework on business restructurings (Law 4601/2019) provides for a broader scope of reorganisations than the respective tax framework see Section 3d. for more information). Business restructurings that do not qualify for tax neutral restructuring are subject to income tax on the gain resulting from the valuation of the assets being transferred as well as to indirect taxes depending on the typology of the assets transferred (e.g. real estate transfer tax at 3.09%).

Greek antitrust legislation reflects predominantly EU competition law principles. Notification obligations in the antitrust context are triggered in the event of contemplated concentrations (i.e mergers, acquisitions of control) that are likely raise competition law concerns.

16. APPENDIX I - TAX TREATY RATES

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Argentina *	5	15	20	
Australia *	5	15	20	
Austria	5	8	7	[1] [2] [3]
Belgium (revised version)	5	5 or 10	5	[1] [2] [4] [5]
Brasil *	5	15	20	
Canada	5	10	10	[6]
Chile *	5	15	20	
China	5	10	10	[7]
Colombia *	5	15	20	
Croatia	5	10	10	[1] [2] [8]
Cyprus	5	10	0	[1] [2] [9]
The Czech Republic	5	10	10	[1] [2]
Denmark	5	8	5	[1] [2] [10]
Finland	5	10	0 or 10	[1] [2] [11] [12]
France	5	10	5	[1] [2]
Germany	5	10	0	[1] [2] [13]
Hungary	5	10	0 or 10	[1] [2] [14] [15]
India	5	15	0	
Indonesia *	5	15	20	
Ireland	5	5	5	[1] [2] [16]
Italy (revised version)	5	10	0 or 5	[1] [2] [17] [18]
Japan *	5	15	20	
Luxembourg	5	8	5 or 7	[1] [2] [19] [20]
Malaysia *	5	15	20	
Malta	5	8	8	[1] [2] [21]
Mauritius *	5	15	20	

GREECE

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Mexico	5	10	10	[22]
The Netherlands	5	8 or 10	5 or 7	[1] [2] [23] [24] [25]
Norway	5	10	10	[1] [2] [26]
Philippines *	5	15	20	
Poland	5	10	10	[1] [2]
Portugal	5	15	10	[1] [2] [27]
Puerto Rico *	5	15	20	
Romania	5	10	5 or 7	[1] [2] [28] [29]
Russia	5	7	7	[30]
Serbia	5	10	10	[31]
Singapore *	5	15	20	
Slovakia	5	10	10	[1] [2]
Slovenia	5	10	10	[1] [2] [32]
South Africa	5	8	5 or 7	[33] [34]
South Korea	5	10	10	[35]
Spain	5	8	6	[1] [2] [36]
Sweden	5	10	5	[1] [2] [37]
Switzerland	5	7	5	[38]
Turkey	5	12	10	[39] [40]
UK	5	0	0	[1] [2] [41] subject to Brexit
U.S.A.	5	0 or 15	0	[42]
Venezuela *	5	15	20	

* No tax treaty for the avoidance of double taxation has been signed between Greece and the other State. Tax rates apply according to Greek domestic legislation.

GREECE

Footnotes	
1	Pursuant to the provisions of the EU Parent-Subdiary Directive, the 0% rate applies to dividends paid by a resident subsidiary to its parent company resident in an EU Member State if the parent company has held at least 10% of the capital or the voting rights of the subsidiary continuously for at least 24 months, provided the parent company takes one of the forms listed in the Annex of the Directive and is subject to one of the taxes listed in the Directive, without the possibility of being exempt.
2	Pursuant to the provisions of the Interest & Royalties Directive, the 0% rate applies to interest/royalties payments to a recipient company being an associated company of the paying company and resident in another EU Member State. Two companies are "associated companies" if (a) one of them holds directly at least 25% of the capital or voting rights of the other or (b) a third EU company holds directly at least 25% of the capital or voting rights of the two companies. A continuous minimum holding period of 2 years is required. The recipient company must have a legal form listed in the Annex of the Directive and be subject to a corporate income tax.
3	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 15% or 5% when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
4	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 15% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends
5	Interest - Reduced rate of 5% applies only to bank loans.
6	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
7	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
8	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
9	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 25%.
10	Dividends - 5% rate applies according to Greek domestic legislationt, since in the latter case the Treaty provides for a higher rate of 38%
11	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 47%.
12	Royalties:10% rate applies if the payments are related to the usage of any patent, trademark, design or model, industrial, commercial or scientific equipment and for information concerning industrial, commercial or scientific experience.
13	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 25%.
14	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 45%.
15	Royalties - 10% rate applies to any payments of any kind received as consideration for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use industrial, commercial, or scientific equipment, or for information concerning industrial, commercial, or scientific experience.

GREECE

Footnotes	
16	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when the beneficiary is a company which holds directly at least 25% of the voting rights of the company paying the dividends.
17	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 15%.
18	Royalties - 5% rate applies to payments are "received as a consideration for the use of or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use industrial, commercials, or scientific equipment, or for information concerning industrial, commercial, or scientific experience".
19	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 38%.
20	Royalties - Maximum rate 7%. Reduced rate of 5% is applicable, if the royalties consist of payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic, or scientific work, including cinematograph films and films or tapes for television or radio broadcasting
21	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when the beneficial owner is a company (other than a participating company) which holds directly at least 25% of the capital of the company paying the dividends.
22	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 10%.
23	Dividends - 5% rate is applicable when the distributing company is a Greek tax resident, since in the latter case the Treaty provides for a higher rate of 35%.
24	Interest - Maximum rate 10%. Reduced rate of 8% is applicable when the interest is paid to a bank or a financial institution.
25	Royalties - Maximum rate is 7%. Reduced rate of 5% is applicable, if the royalties consist of payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic, or scientific work, including cinematograph films and films or tapes for television or radio broadcasting.
26	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 40%.
27	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 15%.
28	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 45%.
29	Royalties - Maximum rate 7%. Reduced tax rate of 5% is applicable, if the royalties consist of payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic, or scientific work, including cinematograph films and films or tapes for television or radio broadcasting.
30	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
31	Dividends - 5% rate applies according to Greek domestic legislation, since in the latter case the Treaty provides for a higher rate of 10%.
32	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 15% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends

GREECE

Footnotes	
33	Royalties - Maximum rate of 7%. Reduced tax rate of 5% is applicable, if the royalties consist of payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic, or scientific work, including cinematograph films and films or tapes for television or radio broadcasting.
34	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 15% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
35	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 15% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends.
36	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 10% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends
37	Dividends - 5% rate applies according to Greek domestic legislation, The Treaty provides that when dividends paid by a company which is a resident of Greece to a resident of Sweden shall in Greece be subject to Greek income tax provided that such dividends are deducted from the amount of the company's total net income subject to the income tax on legal entities (as per Article VII par. 2 of the Greek – Swedish Treaty).
38	Dividends - 5% applies according to Greek domestic legislation since in the latter case the Treaty provides for a higher rate of 15% or 5% when when the beneficial owner is a company (other than partnership) which holds directly at least 25% of the capital of the company paying the dividends. The 0% rate applies if (a) the Swiss company holds directly at least 25% of the capital of the Greek company, or vice versa, or (b) a third EU/Swiss company holds directly at least 25% of the capital of both companies; a 2-year holding period is required [EU-Switzerland Savings Agreement article 15].Further, according to the 2010 signed amendment on Art. 10 par. 3 - " Notwithstanding the provisions of paragraph 1 & 2 dividends paid by a company which is resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State if the beneficial owner of the dividends is - a) the other Contracting State, a political subdivision or a local authority of that other Contracting State; b) any pension fund or other pension scheme."
39	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 15%.
40	Interest - Maximum rate 7%.The 0% rate applies if (a) the Swiss company holds directly at least 25% of the capital of the Greek company, or vice versa, or (b) a third EU/Swiss company holds directly at least 25% of the capital of both companies; a 2-year holding period is required [EU-Switzerland Savings Agreement article 15].
41	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty does not include any provision for dividends.
42	Interest - As regards interest received from sources within Greece, the nil rate is applicable to the extent that the rate of interest does not exceed 9% per annum. The portion of interest exceeding 9% is taxable at a 15% rate (as per the Greek tax legislation). Moreover, the 15% rate is applicable to interest paid to a US corporation controlling, directly or indirectly, more than 50% of the entire voting power in the Greek paying corporation. As regards interest received from sources within the US, the nil rate is not applicable to interest paid to a Greek corporation controlling, directly or indirectly, more than 50% of the entire voting power in the US paying corporation.

17. APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS

No.	Category	Sub-Category	Description of Request
1	Tax Due Diligence	General	Tax contact person available to discuss income and non-income tax matters.
2	Tax Due Diligence	General	A current organisation chart, including all entities by full legal name, jurisdiction, date and place of formation, entity type, class of shares, and ownership percentages. Include a full history of each entity in the structure.
3	Tax Due Diligence	General	Certificate of the tax authorities (along with any amendments) for the Company's tax registration.
4	Tax Due Diligence	General	A summary of all audits (including status), assessment acts and reports, acts imposing penalties for tax infringements, settlements of tax assessments/ penalties with the tax authorities and pending tax refund claims. Provide all significant audit correspondence and individual replies obtained from the tax authorities.
5	Tax Due Diligence	General	Copies of the tax certificates issued for the previous five years (based on the standard applicable Stautute of Limitations period) from certified auditors
6	Tax Due Diligence	General	Details of any preliminary restructuring necessary to effect the proposed acquisition of the Company, including any plan to remove cash/settle intercompany balances. Include any related tax analysis.
7	Tax Due Diligence	General	A schedule of any significant recent acquisitions or dispositions or indemnities. Include copies of acquisition agreements. In addition, provide any related tax due diligence reports, structure slides, and a description of the manner in which the basis of any asset was stepped-up.
8	Tax Due Diligence	General	Copies of any tax sharing or indemnity agreements. Include a description of any other arrangement pursuant to which tax liabilities could be inherited or have been indemnified against (including several liability).
9	Tax Due Diligence	General	A summary description of any significant tax incentives or negotiated tax arrangements granted to the Company or an affiliate.
10	Tax Due Diligence	General	Copies of memoranda, opinions, ruling requests, or other documentation regarding tax positions taken by the Company and its affiliates relating to any material transactions or tax planning ideas.
11	Tax Due Diligence	General	Financial Statements (Balance sheet, P&L account, Appropriation account, Operating Statement, trial balaces, journal entries) and notes to the Financial Statements for the previous five years.
12	Tax Due Diligence	General	Currently applicable tax and social security clearance certificates, proving that the Company does not have any overdue/not settled amounts of taxes and social security contributions
13	Tax Due Diligence	General	Copies of the lists of agreements filed with the tax authorities for the previous five years.

GREECE

No.	Category	Sub-Category	Description of Request
14	Tax Due Diligence	Corporate Income Tax	Annual Corporate Income Tax returns for the previous five years and respective E3 forms.
15	Tax Due Diligence	Corporate Income Tax	Analysis of corporate income tax adjustments per trial balance account for the above Corporate Income Tax returns.
16	Tax Due Diligence	Corporate Income Tax	Copy of the Company's calculations for its interest expense limitations, if any for the previous five years.
17	Tax Due Diligence	Corporate Income Tax	"Current estimate of taxable income for YTD 2018 (if such tax return has not been filed).
18	Tax Due Diligence	Corporate Income Tax	Access to the tax workpapers used in preparing the Company's income tax returns for the previous five years.
19	Tax Due Diligence	Corporate Income Tax	Description of the Company's significant tax accounting policies. Include a description of the tax accounting method used with respect to deferred or unearned revenue (including deposits) recorded in the financial statements.
20	Tax Due Diligence	Value Added Tax	Monthly VAT returns for the previous five years.
21	Tax Due Diligence	Value Added Tax	Monthly VIES and Intrastat returns for the previous five years.
22	Tax Due Diligence	Value Added Tax	Reconciliation of input/output VAT and taxable basis against the expenses and revenues included in the Company's financial statements for the previous five years. .
23	Tax Due Diligence	Value Added Tax	Analysis of applicable VAT regime (i.e if the Company operates under the normal VAT regime or under a special VAT regime or is exempt from VAT)
24	Tax Due Diligence	Value Added Tax	"Analysis of the Company's VAT exempt revenues and the reason for such exemption.
25	Tax Due Diligence	Withholding taxes / Salary withholding tax	Monthly salary withholding tax returns, annual salary certificates and lists of benefits in kind to employees.
26	Tax Due Diligence	Withholding taxes / Royalty withholding tax	Royalty withholding tax returns and relevant supporting material in case of application of a Double Tax Treaty or of the Interest-Royalties Directive.
27	Tax Due Diligence	Withholding taxes / Dividends withholding tax	Dividends withholding tax returns and relevant supporting material in case of application of a Double Tax Treaty or of the Parent-Subsidiary Directive.
28	Tax Due Diligence	Withholding taxes / Other	Other monthly withholding tax returns (freelancers withholding tax returns, contractors withholding tax returns etc.).

GREECE

No.	Category	Sub-Category	Description of Request
29	Tax Due Diligence	Stamp tax returns	Stamp tax returns and supporting material for the relevant filings (e.g. loan agreements etc.).
30	Tax Due Diligence	Capital Accumulation tax returns	Capital accumulation tax returns for capital increases in the Company for the previous five years.
31	Tax Due Diligence	Returns to Social Security Fund	Monthly returns for payment of Social Security Contributions, list of personnel employed with the Company and working relationship.
32	Tax Due Diligence	Transfer Pricing	Copy of Summary Information Table filed with the tax authorities for the previous five years.
33	Tax Due Diligence	Transfer Pricing	Copies of Transfer Pricing Documentation File and Group Master File for the previous five years.
34	Tax Due Diligence	Real Estate Tax	“In case of owned property, copies of E9 form reporting the taxpayer’s real estates, copies of the annual property tax assessment statements (ENFIA), copies of the statutory values computation sheets, copies of the Special Real Estate Tax returns filed and the supporting documentation, in case of exemption therefrom for the previous five years.
35	Tax Due Diligence	Tax Litigation	Description (in the form of a report by the lawyer handling the case) of pending or threatened court or administrative proceedings involving the company in relation to tax claims by the State or the company.

GREECE

FOR MORE INFORMATION CONTACT:

Daphne Cozonis
+30 210 6967 000
d.cozonis@zeya.com