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 "EPE") or a 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 EPE and IKE is subject to a minimum capital requirement (i.e. EUR25,000 as of 1 January 2019). The EPE 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 and to 22% for the income of the fiscal years 2021 onwards. 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 are subject to 29% tax rate in respect of the fiscal years of the scheme.

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 EUR1.5 million.

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 depreciation and/or provisions not provided for in the tax law, including as regards the legal classification of a transaction.

2. RECENT DEVELOPMENTS

- The generally applicable corporate income tax rate has been reduced from the 29% that was applicable for fiscal years starting up to 31 December 2018 down to 22% starting from the fiscal year 2021.
- The rate of capital accumulation tax, which is payable on certain equity contributions, including share capital increases, to companies, branches of non-EU companies and certain other entities and organisations defined in the law, has been decreased from 1% to 0.5% as of 1 October 2021.
- On 26 January 2021 Greece ratified the OECD Multilateral Instrument implementing the tax treaty related BEPS measures ("MLI") and the MLI came into force on 1st July 2021. In this respect Greece has opted for changes in its Double Tax Treaties which include the adoption of the principal purpose test preventing arrangements and transactions whose main purpose is to obtain the benefits of the tax treaty and the introduction of treaty dispute resolution mechanisms including a mandatory binding arbitration mechanism.

Coronavirus Aid Relief related tax changes

The Greek Government introduced, starting from March 2020, a series of temporary measures to financially support enterprises whose business was being disrupted by the COVID-19 crisis. Such measures included extensions of various tax payment deadlines, granting of discounts for timely payment of taxes, acceleration of tax refunds, financing measures, tax prepayment reductions etc. As the rules were very detailed and constantly changing, careful review of relevant compliance is required as part of any due diligence processes covering the relevant periods.

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 0.2% sales tax that applies exclusively in case of transfer of shares admitted for trading on a regulated market (see below in section 3.f.).

Share transactions are also preferred 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 January 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.

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 statutes of limitation ("SOL") that apply for fiscal years before and after 2014, as well as for different types of taxes, e.g. property taxes, indirect taxes, gift taxes. The current SOL in certain defined circumstances, such as in cases where there are considered to be infringements that are classified as tax evasion and that were committed in fiscal years up to 2017 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 admitted for trading on a regulated market or multilateral trading facility operating in Greece . 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.

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 and the relevant real estate transfer tax return is filed by the Notary through an electronic platform captioned "My Property". Land registration duties are paid to the land registry or the Cadastre 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

The 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 3.d.

e. Purchase Agreement

Asset purchase agreements 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 the acquisition of a business as a going concern. As regards tax related warranties and indemnities in a purchase agreement, they are usually limited as compared with a share deal, as in general tax liabilities of the seller are not transferred to the buyer as a result of an asset acquisition. Since, under Greek Civil Law, the buyer shall be liable, along with the seller, for debts existing as at the time of the acquisition and therefore capable of being quantified, the liability as to these debts may be a factor influencing the agreed acquisition price.

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 as 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 of 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, regarding 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 types 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 out 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 EUR1.5 million 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 January 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 grandfathering 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 3.d. above).

Equity financing is subject to 0.5% 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 Limitations on use of debt

This section is left intentionally blank.

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 earnings stripping rules. In particular, subject to a de minimis exemption of up to EUR3 million, otherwise excess borrowing costs are deductible provided that they do not exceed 30% of the company's EBITDA. EBITDA is assessed under the Greek accounting principles following the readjustments for tax purposes. Excess borrowing costs are defined as the amount by which interest expenses on loans and other financing arrangements and relevant financing costs exceed interest income. Interest which exceeds the said thresholds may be carried forward indefinitely. Entities defined in the law, such as credit institutions, insurance companies, Undertakings for Collective Investment in Transferable Securities ("UCITS"), Alternative Investment Funds ("AIFs") under conditions, certain pension schemes etc. are exempt from the scope of the earnings-stripping rules.

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. Similarly, such jurisdictions have not signed a mutual assistance agreement with Greece in Tax Matters or the Joint Council of Europe/OECD Convention on Mutual Administrative Assistance in Tax Matters, nor have they committed themselves to the automatic exchange of financial information starting in 2018 the latest. The 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 the 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 dividend and capital gains participation exemption is not tax deductible.

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 payments 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 that are admitted for trading on a trading venue, as defined in EU Council Directive 2014/65 ("MiFID II") within the EU, or on a regulated market outside the EU supervised by an authority accredited by the International Organisation of Securities Commission ("IOSCO").

iii Related Party Debt

Interest on related party loans is subject to transfer pricing rules, whereas interest expenses on third party loans, other than interest on loans by banks, inter-bank loans, as well as corporate bond loans, derived from the application of a rate exceeding the interest rate for credit lines to non-financial corporations referred to in the most recent Bulletin of Conjunctural Indicators of the Bank of Greece (as at the time of the loan) are 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.

iv Debt Pushdown

Following the introduction of the new Income Tax Code effective as of 2014 and the limitation of the interest deduction on borrowing for financing the acquisition of shares it is still not entirely clear 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 dividends. 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 rules in relation to hybrid mismatches in the context of the transposition of the EU Anti-Tax Avoidance Directives into Greek law. The relevant rules aim to prevent hybrid mismatches arising from differences between two jurisdictions in the legal characterisation of payments (financial instruments), or entities which give rise to a deduction in both states, a so called double deduction ("DD"), or to a deduction of the income in one state without inclusion in the tax base of the other, so called deduction non-inclusion ("DNI").

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 applicable in certain circumstances 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. The Greek Tax Authorities have recently clarified that where the parties in share deals agree an additional price which is made contingent upon the occurrence of future and uncertain events, such additional price is taxed in the fiscal year when such events occur and not, retroactively, in the fiscal year of the initial sale transaction.

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 reorganisation 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 corporate 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. Greek tax resident individuals selling shares are taxed at 15% on the gains derived from the sale, with minimum gains being calculated in an imputed manner. Capital gains from selling shares in non-listed start-up companies purchased through the exercise of stock option rights acquired within a period of five years as of company establishment are subject to 5% capital gains tax on the condition that a minimum period of 36 months shall have lapsed between the stock options grant and the disposal of the relevant shares. 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 1 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.

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 financial year 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 instalments. The first instalment 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 admitted for trading on a regulated market or multilateral trading facility operating in Greece.

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 EU 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 or branches 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 by itself or together with associated enterprises (i.e. holds directly or indirectly more than 50% of the voting rights or owns directly or indirectly more than 50% of the capital or is entitled to receive more than 50% of the profits);
- 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 cases, 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. Profits remitted 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.

Foreign branch profits of Greek companies are in principle, subject to the provisions of any applicable treaty for the avoidance of double taxation, included in taxable profits for Greek income tax purposes.

Tax losses incurred through a foreign permanent establishment can neither be used to determine taxable profit in the same fiscal year nor carried forward, with the exception of tax losses arising from the conduct of business through permanent establishments in EU/EEA member states, provided that under the applicable treaty for the avoidance of double taxation the relevant profits are not exempt from Greek income tax.

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 Income Tax Code ("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 EUR750 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 EUR20,000 shall be imposed in case of non-filing, whereas a penalty of EUR10,000 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 intragroup 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. Greece has implemented the measures set forth in the Anti-Tax Avoidance Directive (EU) 2016/1164 ("ATAD I"), as modified by Council Directive (EU) 2017/952 ("ATAD II") in relation to hybrid mismatches with third countries.

b. Use of Hybrid Instruments

As regards the hybrid instruments and relevant considerations, please refer to Section 6.d. Greece has implemented the measures set forth in ATAD I, as modified by ATAD II in relation to hybrid mismatches with third countries.

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 exploitation of international 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 subject to a connection with R&D expenses incurred for the patents' development determined pursuant to a nexus ratio. Relevant profits are recorded in non- taxable reserves until they are distributed or capitalised.

Specific incentives apply for expenses for scientific and technological research. Such expenses, including depreciation expenses in respect of instruments and equipment used for such research 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 to their head offices or to other associated companies of qualifying services including consulting services, software development, IT support, data management and storage, HR management and training, supply chain management and computer-based call centres;
- The tonnage tax regime applicable to vessels and shipping enterprises;
- The venture capital companies and funds regimes;
- The family office cost-plus regime for managing and administering the wealth and assets of Greek tax resident individuals and their families 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 was bound to transpose into domestic law the EU Directives that implement OECD/G20 BEPS conclusions at EU level. Greek legislation thus contains CFC rules, anti-hybrid mismatch rules, interest deduction limitations, rules providing for automatic exchange of information on cross border tax rulings, advance pricing agreements and information on potentially aggressive tax-planning arrangements between EU member states, country-by-country reporting obligations as well as a nexus ratio in relation to its patents' regime. Also Greece 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 whereas mandatory binding arbitration mechanisms for resolving issues under MAP shall be available through the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("MLI"). 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.

Having ratified the MLI, Greece adopted 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 for measures relevant to permanent establishment status.

13. ACCOUNTING CONSIDERATIONS

a. Combinations

Purchase accounting is not prescribed per se in Greek law. Applicable Greek GAAP (prescribed under L. 4308/2014 "Greek Accounting Standards") provide guidelines in relation to consolidation methodology of entities subject to consolidation requirements which could be similar to purchase accounting. Greek GAAP are in principle based on relevant IFRS rules (in a more simplified version). Greek entities applying IFRS either on a mandatory basis (public interest entities) or optionally are subject to IFRS accounting rules for business combinations.

Goodwill is the positive difference of the total consideration over the net value of the assets which are being acquired. According to Greek GAAP, goodwill is recorded under intangible assets account and is in principle not subject to depreciation. Nevertheless, following initial recognition, goodwill is subject to annual test for impairment.

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 entail the allocation of the consideration to each of the assets to be transferred including goodwill (if any) and must be accounted for accordingly.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

Refunds of previously injected capital authorised by means of a corporate resolution approving a share capital reduction are 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, if not previously taxed, 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 issuance of new shares and they are not returned to the shareholders through a share capital reduction within a five-year 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 Anti-Tax Avoidance Directive (EU) 2016/1164 ("ATAD I"), as modified by Council Directive (EU) 2017/952 ("ATAD II") in relation to hybrid mismatches with third countries ("ATAD"). ATAD I introduced 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 3.d. 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 type of 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
Albania	5	5 / 0	5	[1]
Argentina *	5	15	20	
Armenia	5	10	5	[2]
Australia *	5	15	20	
Austria	5	8	7	[3] [4] [5]
Azerbaijan	5	8 / 0	8	[6] [7]
Belgium (revised version)	5	5 / 10	5	[3] [4] [8] [9]
Bosnia and Herzegovina	5	10	10	[10]
Brazil*	5	15	20	
Bulgaria	5	10	10	[3] [4] [11]
Canada	5	10	10	[12]
Chile *	5	15	20	
China	5	10	10	[13]
Colombia *	5	15	20	
Croatia	5	10	10	[3] [4] [14]
Cyprus	5	10	0	[3] [4] [15]
The Czech Republic	5	10	10	[3] [4]
Denmark	5	8	5	[3] [4] [16]
Egypt	5	15 / 0	15	[17] [18]
Estonia	5	10 / 0	5 / 10	[3] [4] [19] [20] [21]
Finland	5	10	0 / 10	[3] [4] [22] [23]
France	5	10	5	[3] [4]
Georgia	8	8	5	
Germany	5	10	0	[3] [4] [24]
Hungary	5	10	0 / 10	[3] [4] [25] [26]
Iceland	5 / 15	8 / 0	10	[27] [28]
India	5	15	0	
Indonesia*	5	15	20	

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Ireland	5	5	5	[3] [4] [29]
Israel	5	10	10	[30]
Italy (revised version)	5	10	0 / 5	[3] [4] [31] [32]
Japan*	5	15	20	
Kuwait	5	5	15	[33]
Latvia	5	10 / 0	5 / 10	[3] [4] [34] [35] [36]
Lithuania	5	10 / 0	5 / 10	[3] [4] [37] [38] [39]
Luxembourg	5	8	5 / 7	[3] [4] [40] [41]
Malaysia*	5	15	20	
Malta	5	8	8	[3] [4] [42]
Mauritius*	5	15	20	
Mexico	5	10	10	[43]
Moldova	5	10	8	[44]
Morocco	5	10 / 0	10	[45] [46]
The Netherlands	5	8 / 10	5 / 7	[3] [4] [47] [48] [49]
Norway	5	10	10	[3] [4] [50]
Philippines*	5	15	20	
Poland	5	10	10	[3] [4]
Portugal	5	15	10	[3] [4] [51]
Puerto Rico*	5	15	20	
Qatar	5	5 / 0	5	[52]
Romania	5	10	5 / 7	[3] [4] [53] [54]
Russia	5	7	7	[55]
San Marino	5	10	5	[56]
Saudi Arabia	5	5	10	
Serbia	5	10	10	[57]
Singapore**	5	15	20	
Slovakia	5	10	10	[3] [4]
Slovenia	5	10	10	[3] [4] [58]

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
South Africa	5	8	5 / 7	[59] [60]
South Korea	5	10	10	[61]
Spain	5	8	6	[3] [4] [62]
Switzerland	5	7	5	[63]
Tunisia	5	15	12	[64]
Turkey	5	12	10	[65] [66]
U.A.E.	5 / 0	5 / 0	5	[67] [68]
UK	5	0	0	[2] [3] [69]
Ukraine	5	10 / 0	10	[70] [71]
U.S.A.	5	0 / 15	0	[72]
Uzbekistan	5	10	8	
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.

** A tax treaty has been signed; however ratification instruments are yet to be exchanged in order for the tax treaty to enter into force. The table reflects the domestic law rates.

Footnotes	
1	Interest - Maximum rate 8%. Interest shall be exempt from tax if the payer of the interest is the Government of Greece or a local authority thereof or if the interest is paid to the Government of Albania or local authority thereof or any agency or instrumentality (including a financial institution) wholly owned by the State of Albania or local authority thereof or if the interest is paid to any other agency or instrumentality (including a financial institution) in relation to loans made in application of an agreement concluded between the Governments of the Contracting States.
2	Dividends- 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 10%.
3	Pursuant to the provisions of the EU Parent Subsidiary 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.
4	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.

Footnotes	
5	Dividends - 5% applies according to Greek domestic legislation since 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.
6	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 8%.
7	Interest - Maximum rate 8%. Interest shall be exempt from tax if paid to the Government of the Republic of Azerbaijan
8	Dividends - 5% applies according to Greek domestic legislation since 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
9	Interest - Reduced rate of 5% applies only to bank loans.
10	Dividends - 5% applies according to Greek domestic legislation since in 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.
11	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 40%.
12	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
13	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
14	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
15	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 25%.
16	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 38%
17	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 10%
18	Interest - Maximum rate 15%. Interest shall be exempt from tax if the payer of the interest is the Government of Egypt or a local authority thereof or if the interest is paid to the Central Bank of Egypt.
19	Dividends - 5% applies according to Greek domestic legislation since 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.
20	Interest - Maximum rate 10%. No tax is applicable when the interest is derived and beneficially owned by the Government of Estonia including its local authorities and the Central Bank.
21	Royalties - 5% rate applies to royalties paid for the use of industrial, commercial, or scientific equipment and 10% rate applies to all other cases.
22	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 47%.
23	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.
24	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 25%.
25	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 45%.

Footnotes	
26	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.
27	Dividends - 5% applies according to Greek domestic legislation since 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.
28	Interest - Maximum rate 8%. Interest shall be exempt from tax if the debtor of such interest is the Government of Greece, a political or administrative subdivision or a local authority thereof or if interest is paid to the Government of Iceland, a political or administrative subdivision or a local authority thereof or an institution or body (including a financial institution) wholly owned by the State of Iceland in connection with any financing granted by them under an agreement between the Governments of the Contracting States.
29	Dividends - 5% applies according to Greek domestic legislation since 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.
30	Effectively 5% applies in respect of dividends since the relevant tax treaty allows for dividends to be taxed in Greece.
31	Dividends - 5% rate applies according to Greek domestic legislation, since case the Treaty provides for a higher rate of 15%.
32	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".
33	Dividends and interest – Maximum rate 5%. Dividends paid by a company which is a resident of Greece shall not be taxable in Greece if the beneficial owner of the dividends is the State of Kuwait, a political subdivision or a local authority thereof or the Central Bank of Kuwait or other governmental agencies or financial institutions as may be specified and agreed to in an exchange of notes between the competent authorities of the Contracting States.
34	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
35	Interest – Maximum rate 10%. Interest arising in Greece, derived and beneficially owned by the Government of Latvia, including its local authorities and the Central Bank, shall be exempt from tax in Greece.
36	Royalties - 5% rate applies to royalties paid for the use of industrial, commercial, or scientific equipment and 10% rate applies to all other cases.
37	Dividends - 5% applies according to Greek domestic legislation since 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.
38	Interest - Maximum rate 10%. No tax is applicable when the interest is derived and beneficially owned by the Government of Lithuania including its local authorities and the Central Bank.
39	Royalties - 5% rate applies to royalties paid for the use of industrial, commercial, or scientific equipment and 10% rate applies to all other cases.
40	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 38%.
41	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.

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Footnotes	
42	Dividends - 5% applies according to Greek domestic legislation since 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.
43	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 10%.
44	Dividends - 5% applies according to Greek domestic legislation since 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.
45	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
46	Interest - Maximum rate 10%. Interest shall be exempt from tax if paid to the Government or to the Central Bank of Morocco.
47	Dividends - 5% rate is applicable when the distributing company is a Greek tax resident, since the Treaty provides for a higher rate of 35%.
48	Interest - Maximum rate 10%. Reduced rate of 8% is applicable when the interest is paid to a bank or a financial institution.
49	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.
50	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 40%.
51	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 15%.
52	Interest - Maximum rate 5%. Interest shall be exempt from tax if paid to the Government of the State Qatar, to Qatar Investment Authority, to local authorities and subdivisions, to statutory bodies, to Qatar Central Bank, to Qatar Development Bank and to any other financial institution fully owned or financed by the Government of the State Qatar, as may be agreed from time to time between the competent authorities of the contracting states.
53	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 45%.
54	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.
55	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
56	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.
57	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 10%.
58	Dividends - 5% applies according to Greek domestic legislation since 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
59	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.

Footnotes	
60	Dividends - 5% applies according to Greek domestic legislation since 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.
61	Dividends - 5% applies according to Greek domestic legislation since 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.
62	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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
63	Dividends - 5% applies according to Greek domestic legislation since 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. 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."
64	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 35%.
65	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty provides for a higher rate of 15%.
66	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].
67	Dividends - Maximum rate 5%. Dividends shall not be taxable if the beneficial owner thereof is the Government of the UAE or its political subdivisions, or local authorities, local government or their financial institutions, to the UAE Central Bank, to the Abu Dhabi Investment Authority, to the Abu Dhabi Investment Council, to the Abu Dhabi Fund for Economic Development , to Mobadalah, to Dubai Holding, to Dubai World, to the Abu Dhabi International Petroleum Company, to the UAE Investment Authority, to any other such government financial institution as may be agreed from time to time between the competent authorities of the contracting states.
68	Interest - Maximum rate 5%. Interest shall not be taxable if the beneficial owner thereof is the Government of the UAE or its political subdivisions, or local authorities, local government or their financial institutions, to the UAE Central Bank, to the Abu Dhabi Investment Authority, to the Abu Dhabi Investment Council, to the Abu Dhabi Fund for Economic Development , to Mobadalah, to Dubai Holding, to Dubai World, to the Abu Dhabi International Petroleum Company, to the UAE Investment Authority, to any other such government financial institution as may be agreed from time to time between the competent authorities of the contracting states.
69	Dividends - 5% rate applies according to Greek domestic legislation, since the Treaty does not include any provision for dividends.
70	Dividends - 5% applies according to Greek domestic legislation since the Treaty provides for a higher rate of 10% 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.

Footnotes	
71	Interest - Maximum rate 10%. Interest shall be exempt from tax if the payer of the interest is Greece or its political subdivision or a local authority thereof or if interest is paid to Ukraine, or its political subdivision or local authority thereof or any agency or instrumentality (including a financial institution) wholly owned by Ukraine, its political subdivision or local authority thereof or if the interest is paid to any other agency or instrumentality (including a financial institution) in relation to loans made in application of an agreement concluded between the Contracting States
72	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 any tax certificates issued for the previous five years (based on the standard applicable Statute 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 slide presentations, 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 balances, 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.

Nº.	Category	Sub-Category	Description of Request
13	Tax Due Diligence	General	Copies of the lists of agreements filed with the tax authorities for the previous five years.
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 20xx (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.).
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.

Nº.	Category	Sub-Category	Description of Request
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 there from 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

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