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The International Comparative Legal Guide to:

Corporate Tax 2017

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A practical cross-border insight into corporate tax work

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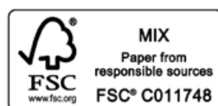

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1 Tax Treaties and Residence

1.1 How many income tax treaties are currently in force in your jurisdiction?

There are currently 56 bilateral income tax treaties in force to which Greece is a party. Following the exchange of the necessary notifications in 1995, the treaty signed in 1986 with Czechoslovakia applies to both the Czech Republic and Slovakia. Greece's income tax treaty network covers all of the European Union (EU) Member States, as well as the following countries: Albania; Armenia; China; Croatia; Egypt; Georgia; Iceland; India; Israel; the Republic of Korea; Kuwait; Mexico; Moldova; Norway; Russia; South Africa; Switzerland; Turkey; Ukraine; the USA; and Uzbekistan. In addition, the most recent bilateral income tax treaties to have been signed are with: Azerbaijan; Canada; Morocco; Qatar; the Republic of San Marino; Saudi Arabia; Serbia & Montenegro; Tunisia; and the United Arab Emirates.

1.2 Do they generally follow the OECD Model Convention or another model?

Almost all income tax treaties that Greece has entered into have been drafted alongside the OECD Model Tax Convention on Income and Capital. However, each tax treaty must be examined separately, since variations do exist as a result of negotiations between contracting States. By exception, the treaties with the USA and the UK (being the oldest ones) deviate from the Model as they were concluded before the adoption of its first draft in 1963.

1.3 Do treaties have to be incorporated into domestic law before they take effect?

Treaties signed by Greece are not automatically incorporated into Greek law. According to Article 36.2 of the Greek Constitution 1975/1986/2001/2008, treaties are domestically enacted upon ratification by virtue of a statute voted by the Greek parliament, promulgated by the President of the Greek Republic and published in the Official Government Gazette. Of course, treaties specify the dates upon which they enter into force, as well as the dates upon which their provisions take (even retroactive) effect.

1.4 Do they generally incorporate anti-treaty shopping rules (or "limitation on benefits" articles)?

Most treaties signed by Greece do not incorporate anti-treaty shopping rules or "limitation on benefits" articles. An exemption to the above rule is the treaty signed with Luxembourg, which provides that its provisions do not apply to so-called Luxembourgian holding companies. However, recent treaties to which Greece is a party (such as those in force with Belgium, Ireland, Malta, Mexico, Portugal, Spain and Ukraine) include provisions denying the granting of treaty benefits concerning interest and royalties if related payments are effected mainly for the purpose of taking advantage of treaty provisions and not for *bona fide* commercial reasons.

1.5 Are treaties overridden by any rules of domestic law (whether existing when the treaty takes effect or introduced subsequently)?

According to Article 28 of the Constitution, international treaties ratified by Greece prevail over any contrary statutory provision and therefore may not be overridden by any (other than constitutional) existing or subsequently introduced rules of domestic law.

1.6 What is the test in domestic law for determining corporate residence?

In general, the extent of Greece's right to tax legal entities is determined either on a residence or on a source basis. Greece reserves the right to tax the resident entities on their worldwide income and gains, whereas it taxes non-residents only on their Greek-sourced income, i.e. on their income accruing within the Greek territory (e.g. through a permanent establishment). However, in determining whether or not a legal entity should be regarded as a Greek resident, as per the relevant tax legislation, three (3) factors are taken into account disjunctively, namely: the registered seat of the company, as depicted in the Articles of Association (i.e. whether such a seat lies in Greece); the law under which the company was set up (i.e. whether established under Greek law); or the place of "effective management" (i.e. whether actual management is exercised in Greece). With respect to the last criterion (i.e. the "place of effective management"), the relevant legislation enumerates specific parameters that are indicatively taken into consideration for the assessment of such criterion (e.g. the location of daily administration, the location of the Board of Directors' summons, etc.).

2 Transaction Taxes

2.1 Are there any documentary taxes in your jurisdiction?

In the past, stamp duty was the main documentary tax in Greece.

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However, the field of application of stamp duty taxation has been significantly reduced, mainly due to its substitution by VAT since 1987. Pursuant to the applicable legislation, analogous stamp duty is applicable at varying rates (1% to 3%, which are increased by a supplementary charge, equal to 20% of each rate, levied in favour of the Agricultural Insurance Organisation) to certain transactions exempted from VAT, such as third party (non-entrepreneurs') fees, rental payments from the letting of properties used for business purposes, loan contracts (loans granted by banks are exempt), payment of directors' fees, sale of movable goods by an individual to any party, etc. On the other hand, fixed stamp duty is payable only in relation to projects, budgets, studies and reports drawn up by engineers and architects submitted to public authorities responsible for issuing building permits or approving public works projects, as well as in relation to various permits issued or renewed by public authorities.

2.2 Do you have Value Added Tax (or a similar tax)? If so, at what rate or rates?

Greek VAT legislation is in line with the provisions of the Sixth European Council Directive (Greece has partially adjusted the Greek VAT Code to the provisions of the recast VAT Directive 2006/112/EC). The standard VAT rate is set at 24%, whereas the reduced rates are set at 13% and 6%. Furthermore, upon fulfilment of specific conditions, the above VAT rates are reduced by 30% (i.e. to 16%, 9% and 4% respectively) as regards a few remote islands. Such reduced rate shall be abolished as of 1 January 2017.

2.3 Is VAT (or any similar tax) charged on all transactions or are there any relevant exclusions?

On the condition that the place of supply is within the Greek territory, VAT is imposed at every stage of the manufacturing and distribution process and, more specifically, on the following categories of transactions:

i) supply of goods or services for consideration within the Greek territory by a taxable person;

ii) importation of goods into Greece;

iii) intra-community acquisition of goods, other than new means of transport, effected in Greece for consideration by a taxable person or by a legal entity (not being a taxable person), which acquires goods from another Member State above the threshold of EUR 10,000;

iv) intra-community acquisition of new means of transport effected in Greece for consideration; and

v) goods or services used by the entrepreneur for his personal purposes or the purposes of his personnel.

On the other hand, Greek VAT law provides for two categories of exemptions:

i) those with retention of the right to deduct input VAT (e.g. exports, intra-community supplies, importation/supply/chartering of certain ships and aircraft, and services connected with the transport of persons), which are therefore treated as zero-rated supplies; and

ii) those without retention of the right to deduct input VAT (e.g. services of hospitals, medical and paramedical professions, supply of goods and services closely related to social welfare and insurance, services of general education and vocational training, most banking services, most financial transactions, and letting and leasing of immovable property under conditions).

2.4 Is it always fully recoverable by all businesses? If not, what are the relevant restrictions?

Taxable persons are entitled to fully deduct the tax charged on goods and services supplied to them (input VAT) from the tax collected by them (output VAT), provided that they use those goods and services in connection with transactions subject to VAT or in connection with transactions exempted from VAT but with retention of the right to deduct input VAT (see question 2.3 above). On the other hand, input tax relating to goods and services wholly used in the course of exempted (without retention of the right to deduct input VAT) or non-business supplies, is not recoverable.

If taxable persons are involved in both taxable and exempt supplies, VAT on expenditure, which may not be directly attributable to either supply, is apportioned using the ratio of taxable output (excluding VAT) to total output (excluding certain revenues).

With regard to capital goods, input VAT recovery is subject to a five (5)-year settlement commencing in the year of use.

At the end of the financial year, excess output tax is paid to the tax authorities, whereas excess input tax is either carried forward or refunded.

There is no entitlement to recovery in the following cases:

i) purchase, importation or intra-community acquisition of tobacco industry products;

ii) purchase, importation or intra-community acquisition of alcoholic beverages not to be used in taxable activities;

iii) receptions, recreation and hospitality generally;

iv) provision of accommodation, food, drinks, transport and recreation for the personnel or representatives of a company; and

v) purchase, importation or intra-community acquisition of passenger vehicles with up to nine (9) seats intended for private use, motorcycles, motorised pedal cycles, water-borne craft and aircraft for pleasure or sporting purposes and the costs of fuel, repair, maintenance, lease and circulation for such conveyances.

2.5 Does your jurisdiction permit "establishment only" VAT grouping, such as that applied by Sweden in the *Skandia* case?

VAT grouping rules are not permitted under Greek law.

2.6 Are there any other transaction taxes payable by companies?

The transfer for consideration of real estate located in Greece is subject to real estate transfer tax. The tax, being assessed on the higher rate between the objective value of the real estate and the consideration provided in the contract, is borne by the buyer. The objective value system covers almost all Greek urban areas and has been introduced in order to eliminate disputes between the tax authorities and taxpayers, concerning the basis of assessment of real estate transfer tax. The rate has been set at 3%. An additional tax in favour of the municipality is also levied at a rate of 3% of the real estate transfer tax calculated above. VAT is imposed with regard to the first transfer by constructors of ownership and other rights on buildings for which the building licence was issued on or after 1 January 2006.

Finally, the sale value of shares in corporations listed on the Athens Stock Exchange is subject to tax at the rate of 0.2%.

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2.7 Are there any other indirect taxes of which we should be aware?

In the case of imports from non-EU countries, the Common External Customs Tariff of the EU is applicable. The rates of import duties vary on the basis of the classification of the imported goods.

In addition, private and public passenger vehicles, vehicles for the transport of goods and motorcycles (either imported or locally produced) are subject to classification duties, which are assessed on the basis of the vehicles' engine size and, in the case of used vehicles, their age.

Furthermore, various consumption duties are levied on special commodities such as alcohol, tobacco, petroleum products, etc.

Besides the above, a turnover tax is imposed on insurance companies. Such tax is payable on insurance premiums and all charges accruing from insurance contracts, and its rate varies according to the sector of insurance (e.g. 20% for fire insurance premiums, 4% for life insurance premiums and 15% for premiums for other sectors). An exemption is granted for life insurance premiums provided that the insurance contracts are agreed for at least a 10-year duration.

Finally, an annual contribution of 0.6% is imposed on the average outstanding monthly balance of each loan granted by a bank to a Greek resident. The rate is reduced to 0.12% with respect to housing loans. Loans between banks, loans to the Greek State, loans funded by the European Investment Bank (EIB) and loans granted to persons residing on small islands are exempted from said contribution.

3 Cross-border Payments

3.1 Is any withholding tax imposed on dividends paid by a locally resident company to a non-resident?

A withholding tax at the rate of 10% (15% for income acquired from 1 January 2017) is imposed on payments of distributed profits effectuated from 1 January 2014 onwards by Greek locally resident companies as dividends or interim dividends to their shareholders, whether individual or legal entities, resident or non-resident. Such withholding tax exhausts the tax liability if the beneficiary is an individual or a legal entity maintaining neither tax residence nor a permanent establishment in Greece.

The above withholding tax does not apply to dividends paid between associated companies falling within the scope of the EU Parent-Subsidiary Directive, as incorporated into Greek law.

If the recipient of the dividend income is a resident of a State with which Greece has concluded an income tax treaty for the avoidance of double taxation, the withholding tax rate provided by said treaty, if more beneficial to the recipient, will apply.

3.2 Would there be any withholding tax on royalties paid by a local company to a non-resident?

In principle, royalties paid by a local company to a non-resident company without a permanent establishment in Greece or a non-resident individual, are subject to withholding tax at a rate of 20%. The local company paying the royalties deducts the amount of withholding tax at source. Once the tax has been thus withheld, the income tax liability of the non-resident in respect of the royalty income concerned is exhausted.

The above withholding tax does not apply to royalties paid between associated companies falling within the scope of the EC Interest and Royalties Directive, as incorporated into Greek law.

If the recipient of the royalty income is a resident of a State with which Greece has concluded an income tax treaty for the avoidance of double taxation, the withholding tax rate provided by said treaty, if more beneficial to the recipient, will apply.

3.3 Would there be any withholding tax on interest paid by a local company to a non-resident?

Interest paid by a local company to a non-resident company without a permanent establishment in Greece or a non-resident individual, is subject to withholding tax at a rate of 15%. The local company paying the interest deducts the amount of withholding tax at source. Once the tax has been thus withheld, the income tax liability of the non-resident in respect of the interest income concerned is exhausted. On the other hand, interest derived directly by legal entities which are non-resident and do not maintain a permanent establishment in Greece from State bonds or treasury bills of the Greek State, is not subject to withholding tax.

The above withholding tax does not apply to interest paid between associated companies falling within the scope of the EC Interest and Royalties Directive, as incorporated into Greek law.

If the recipient of the interest income is a resident of a State with which Greece has concluded an income tax treaty for the avoidance of double taxation, the withholding tax rate provided by said treaty, if more beneficial to the recipient, will apply.

3.4 Would relief for interest so paid be restricted by reference to "thin capitalisation" rules?

"Thin capitalisation" provisions have been introduced into the Greek tax system, pursuant to which accrued interest expenses are not recognised for deduction, to the extent that the "excess interest expenditure" surpasses 40% (from 1 January 2016) and 30% (from 1 January 2017) of the taxable profits before interest, taxes and depreciations (EBITDA). The term "excess interest expenditure" means the excess of interest expenditure as opposed to the interest income. The interest expenditure is fully recognised for deduction if the amount of recorded interest expenses in the books does not exceed the threshold of EUR 3,000,000 per year. Each non-deductible interest expense is transferred for set-off without time limits.

3.5 If so, is there a "safe harbour" by reference to which tax relief is assured?

There is no safe harbour by reference to which tax relief for interest is assured. However, credit institutions, leasing and factoring companies of laws 1665/1986 and 1905/1990 respectively, and special purpose vehicles for public works or services are exempted from the scope of application of the above "thin capitalisation" provisions.

3.6 Would any such rules extend to debt advanced by a third party but guaranteed by a parent company?

Yes, interest from loans guaranteed by a parent company is deductible, on the condition that the amount of the net interest expenditure posted in the company books does not override the threshold of EUR 3,000,000 per year.

3.7 Are there any other restrictions on tax relief for interest payments by a local company to a non-resident?

Interest payments deriving from loans received by the local company from third parties, save bank loans, interbank loans, as

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well as bond loans issued by *sociétés anonymes*, to the extent that they overcome the interest that would have accrued if the interest rate was equal to the interest rate of overdraft account loans towards non-financial enterprises, as such rate is mentioned in the statistic bulletin of economic conditions of the Bank of Greece at the prior time period closest to the lending date, are not deductible.

Interest payments to individuals or entities, tax residents in non-cooperative countries (i.e. non-EU countries which have not signed and executed a Treaty of Mutual Administrative Assistance with Greece and at least 12 other countries on tax issues) or in beneficial tax regimes (i.e. countries where there is no taxation or actual taxation, or the income or capital tax rate is equal to or lower than 50% of the corresponding Greek tax rate) are not deductible. In order to escape such anti-avoidance rules, the taxpayer can evidence the *bona fide* nature of the transactions falling within the above-mentioned scope. Interest payments towards individuals or entities which are EU tax residents are deductible if there is adequate legal basis for the information exchange between Greece and such EU Member State.

3.8 Is there any withholding tax on property rental payments made to non-residents?

No such obligation exists.

3.9 Does your jurisdiction have transfer pricing rules?

The principal transfer pricing provision of Greek tax law incorporates the "arm's length" principle (Article 50 of Law 4172/2013 in conjunction with Articles 21 and 22 of Law 4174/2013) with regard to local or international transactions executed between associated entities. Any profits that would have been generated due to the "arm's length" principle are added in the entity's taxable profits to the extent that such profits do not reduce the amount of tax paid. With respect to intra-group transactions carried out between associated enterprises, the latter are obliged to maintain transfer pricing documentation. Advance Pricing Agreements may be available under certain conditions.

All treaties concluded by Greece for the avoidance of double taxation include a transfer pricing article identical or substantially similar to Article 9 of the OECD Model Convention. In addition, Greece has implemented the EC Arbitration Convention (Convention 90/436/EEC of 23 July 1990 on the Elimination of Double Taxation in connection with the Adjustment of Profits of Associated Enterprises, as amended / Laws 2216/1994, 3537/2007 and 3417/2005).

4 Tax on Business Operations: General

4.1 What is the headline rate of tax on corporate profits?

The headline rate of income tax on profits of domestic corporations is set at 29%.

A special tax regime (tonnage tax) applies to resident as well as non-resident companies owning and operating Greek-flagged ships.

4.2 Is the tax base accounting profit subject to adjustments, or something else?

Net income before distribution, arising from operations either domestic or abroad, constitutes the tax base for corporate income tax further to adjustments on the tax return. Such income is derived from the company's profit and loss accounts which are prepared on the basis of its official accounting books maintained in accordance with the regulations of both Greek Generally Accepted Accounting Principles (GAAP) and the Greek Accounting Standards. In case the entity applies the International Accounting Standards/International Financial Reporting Standards, the taxable profits are determined pursuant to the tax profit and loss accounts. Please note that all Greek listed companies and their consolidated participations are subject to mandatory International Financial Reporting Standards (IFRS) application. In determining the net taxable income of the company, those deductions from its gross income specifically authorised by law and directly associated with the business activity of the company, are allowed.

4.3 If the tax base is accounting profit subject to adjustments, what are the main adjustments?

For the purposes of assessing a company's annual corporate income tax base, the non-deductible expenses are added to the net profits. IFRS rules are not recognised by the Greek administration for tax purposes. Hence companies may either hold statutory accounting according to Greek GAAP and publish IFRS-compliant financial statements or hold a statutory account directly in IFRS and hold at the same time an adjustment book, which retraces all differences from the statutory account, to support the tax return. The main differences between statutory tax calculation and IFRS tax arise due to: different amortisation rules; potential tax-free income; tax adjustments; and permanent differences.

4.4 Are there any tax grouping rules? Do these allow for relief in your jurisdiction for losses of overseas subsidiaries?

There are no tax grouping rules in Greece, i.e. each legal entity is treated for tax purposes as a separate taxpayer.

4.5 Do tax losses survive a change of ownership?

In principle, tax losses are transferred for set-off with the business profits of a corporation successively over the next five (5) tax years.

Nevertheless, in the case that, during a tax year, direct or indirect ownership of the share capital or the voting rights of a corporation are altered at a percentage that exceeds 33% of their value or number, no transfer of losses for set-off applies with respect to losses incurred by the corporation during the tax year at stake or during the previous five (5) years unless the taxpayer evidences that the ownership change has been effectuated exclusively for commercial or business reasons and not for tax avoidance or tax evasion purposes.

4.6 Is tax imposed at a different rate upon distributed, as opposed to retained, profits?

The corporate income tax rate does not differ upon distributed, as opposed to retained, profits.

4.7 Are companies subject to any significant taxes not covered elsewhere in this chapter – e.g. tax on the occupation of property?

The Real Estate Unified Ownership Tax (REUOT) consists of two sub-taxes, namely the main tax, applicable to each right to

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immovable property, and the complementary tax, imposed on the total value of the immovable property. Specifically, with respect to rural plots, the base rate for the main tax amounts to EUR 1 per 1,000 square metres, whereas for plots located within city/village boundaries such base rate ranges from EUR 3,700 to EUR 11,250 per 1,000 square metres. Furthermore, the base rate for buildings varies from EUR 2 to EUR 13 per square metre. Such rate may either ascend or descend due to various factors basically relating to the position and nature/use of the plot/building. The complementary tax is fixed at the rate of 5.5‰ and is levied on the total value of the immovable property with the exception of real property used for the exercise of any business activity of a company upon which a tax at the rate of 1‰ is imposed.

As of 1 January 2003, an additional special real estate tax is imposed on companies which have ownership or usufruct on real estate located in Greece. The applicable rate for such tax increased from 3% to 15% as of 1 January 2010. Given that said tax was introduced in order to discourage the ownership by offshore companies of real estate located in Greece, various exemptions are provided by law (e.g. Greek or EU-based corporations with registered shares, companies listed on a stock exchange, companies with gross revenues from other activities higher than those revenues derived from the exploitation of real estate in Greece, etc.).

Finally, the owners of cars, trucks and motorcycles are obliged to pay annual circulation tax based on the vehicle's engine capacity.

5 Capital Gains

5.1 Is there a special set of rules for taxing capital gains and losses?

Under Greek tax legislation, capital gains from the sale of fixed assets (except ships) are treated as ordinary business income. Gain or loss is calculated on the basis of the difference between the sale price and the value of the asset as per the company's books.

Gains from the disposal of a business as a whole or a branch, of non-listed shares, of units in a partnership or a limited liability company, of a participation in a joint venture or in a joint ownership of rights governed under civil law, of any right related to the exercise of the company's business (such as patents, industrial property, etc.), of licences, of vehicles destined for public use, as well as gains from any amount paid by a lessee to the lessor in excess of the agreed lease payment, from the assignment of any leasing rights, as well as from the waiver of a right to participate in a capital increase of a partnership or a limited liability company or of leasing rights, are subject to corporate income tax at the ordinary rate (the applicable corporate income tax rate is 29%). Gains derived by resident companies from the sale of shares in Greek/foreign corporations listed on the Athens/foreign Stock Exchange, as well as from derivatives traded on the Athens Derivatives Exchange or on a similar foreign market, are subject to corporate income tax at the ordinary rate.

5.2 Is there a participation exemption for capital gains?

No participation exemption is provided under Greek tax law.

5.3 Is there any special relief for reinvestment?

No relief for reinvestment is provided under Greek tax law.

5.4 Does your jurisdiction impose withholding tax on the proceeds of selling a direct or indirect interest in local assets/shares?

Please refer to question 5.1 above.

6 Local Branch or Subsidiary?

6.1 What taxes (e.g. capital duty) would be imposed upon the formation of a subsidiary?

The capital accumulation tax for the formation of companies and branches of a foreign company has been abolished. Nevertheless, a duty of 0.1% in favour of the Greek Competition Committee shall be imposed on the capital of a *société anonyme* upon its incorporation or any increase thereto.

Legal and notary fees, as well as publication costs, are payable upon the formation of a company.

6.2 What is the difference, if any, between the taxation of a locally formed subsidiary and the branch of a non-resident company?

The taxation rules are not differentiated between a subsidiary and a branch of a non-resident company.

6.3 How would the taxable profits of a local branch be determined in its jurisdiction?

The computation of taxable income of a Greek branch of a foreign entity follows the same rules as those provided for companies.

6.4 Would such a branch be subject to a branch profits tax (or other tax limited to branches of non-resident companies)?

A Greek branch of a foreign entity is subject to corporate income tax at the same rates as those which are applicable to resident companies.

6.5 Would a branch benefit from double tax relief in its jurisdiction?

In principle, the establishment of a Greek branch by a foreign enterprise creates a permanent establishment of that entity in Greece and therefore precludes it from the privileges of tax treaty provisions. However, a Greek branch of a foreign head office enjoys the benefits derived from the non-discrimination provision included in the income tax treaties signed by Greece.

6.6 Would any withholding tax or other similar tax be imposed as the result of a remittance of profits by the branch?

No withholding tax shall be imposed as a result of profit remittance by the branch.

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7 Overseas Profits

7.1 Does your jurisdiction tax profits earned in overseas branches?

Resident companies are taxed on their worldwide income. Therefore, profits earned in overseas branches shall be taxed at the normal income tax rate.

7.2 Is tax imposed on the receipt of dividends by a local company from a non-resident company?

A participation exemption regime applies on intra-group dividends received by a local company from a non-resident company, subject to specific conditions on the basis of Directive 2011/96/EU.

7.3 Does your jurisdiction have "controlled foreign company" rules and, if so, when do these apply?

"Controlled foreign company" (CFC) rules have been introduced into the Greek tax system. In this respect, the non-distributable income of a legal entity which is a tax resident of another country, is included for the determination of the taxable income of a taxpayer, provided that the following preconditions concurrently apply:

a) The taxpayer, alone or jointly with other "associated" persons, directly or indirectly participates in the capital of the foreign legal entity at a percentage over 50% or is eligible for collecting over 50% of the entity's profits.

b) The legal entity is subject to taxation in a country that has a "privileged tax regime" (i.e. subject to a special regime that allows a significantly lower level of taxation than the general one) or in an offshore jurisdiction (i.e. tax havens).

c) Over 30% of the net income of the legal entity derives from specific sources, namely interest from financial instruments, royalties from copyright, dividends, capital gains, etc. (i.e. the so-called "passive income"), if over 50% of the corresponding income category of the legal entity accrues from transactions with the taxpayer or its affiliates.

d) The main category of shares of the foreign entity is not listed on a regulated market.

Exemptions from the aforementioned CFC rules apply in the case that the legal entity is tax-resident in the EU or a country within the European Ecomonic Area where, in parallel, an agreement for exchange of information exists with such country of origin (unless the establishment or the economic activity of such entity is considered to be "artificial", aiming at tax avoidance).

8 Taxation of Real Estate

8.1 Are non-residents taxed on the disposal of real estate in your jurisdiction?

Capital gains from the transfer of real estate located in Greece by a non-resident individual, are subject to withholding tax at a rate of 15%, which exhausts his tax liability. The tax withholding obligation with regard to individuals is suspended until 31 December 2016. Legal entities which are non-resident or do not maintain a permanent establishment in Greece are not subject to Greek corporate income tax.

8.2 Does your jurisdiction impose tax on the transfer of an indirect interest in real estate located in your jurisdiction and, if so, what constitutes an indirect interest?

Capital gains earned by individuals that arise from the transfer of real estate or participations which attract more than 50% of their value directly or indirectly from real estate and do not constitute income from business operations, are taxed at a rate of 15% (the regulation shall be in force from 1 January 2017, as per question 8.1 above).

8.3 Does your jurisdiction have a special tax regime for Real Estate Investment Trusts (REITs) or their equivalent?

There is no special tax regime for REITS. A special tax regime applies with respect to *sociétés anonymes* investing in real property, under certain preconditions set out in law (the AEEAPs per their Greek initials).

9 Anti-avoidance

9.1 Does your jurisdiction have a general anti-avoidance or anti-abuse rule?

The enacted Code of Tax Procedure (Law 4174/2013 – in force from 1 January 2014 onwards) has introduced a general "anti-avoidance" clause in the Greek tax system, on the basis of which the Tax Administration, upon assessing the tax due, may ignore any "artificial" arrangement aiming at avoiding paying taxes and leading to a tax benefit for the taxpayer. Specifically, pursuant to the wording of the relevant legislative provision, an "artificial" arrangement is considered as such, provided that it lacks "economic or commercial essence".

In addition, Greece has already introduced anti-avoidance provisions applicable to several transactions with "targeted" entities, i.e. entities established in blacklisted countries and countries with beneficial tax regimes. Such rules apply for expenditure paid to the above-mentioned "targeted entities". In order to escape the anti-avoidance rules, the taxpayer can evidence the *bona fide* nature of the relevant transactions.

9.2 Is there a requirement to make special disclosure of avoidance schemes?

No such requirement applies.

10 BEPS and Tax Competition

10.1 Has your jurisdiction introduced any legislation in response to the OECD's project targeting Base Erosion and Profit Shifting (BEPS)?

To date, no formal response with regard to BEPS has taken place; nevertheless, Greece has enacted certain regulations in line with the BEPS project, which mainly pertain to transfer pricing documentation and the transfer of business operations between associated entities.

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10.2 Does your jurisdiction intend to adopt any legislation to tackle BEPS which goes beyond what is recommended in the OECD's BEPS reports?

It is expected that Greece will be aligned with the OECD recommendations for tackling BEPS.

10.3 Does your jurisdiction support public Country-by-Country Reporting (CBCR)?

Greece has not yet adopted the CBCR rules.

10.4 Does your jurisdiction maintain any preferential tax regimes such as a patent box?

No regimes such as a patent box have been introduced yet. There is a preferential tax regime for shipping companies.

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