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INSIGHTS

OUTBOUND ACQUISITIONS:
TAX PLANNING FOR EUROPEAN EXPANSION IN A CHANGING LANDSCAPE (2026)

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GREECE

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GENERAL OVERVIEW OF BUSINESS FORMS AND CORPORATE FRAMEWORK

Greece as an Investment Jurisdiction

Greece is a civil law jurisdiction. It is a parliamentary democracy with a written constitution. It is a member of the European Union and a member of the Eurozone. Greek law has its roots in ancient times and Roman-Byzantine tradition. The civil law system in Europe continues the same tradition and the law of modern Greece, extensively codified, has been influenced in many ways by German, French, and Swiss prototypes, and by the pioneers of the continental legal rules. The court system is comprised of civil, administrative, and criminal courts. Private law disputes fall under the jurisdiction of the civil courts. Taxation disputes and regulatory matters generally fall under the jurisdiction of the administrative courts and the Council of the State.

Greece has increasingly positioned itself as an attractive investment destination, combining its strategic geographic location, membership in key international organizations, and ongoing structural reforms aimed at improving its business environment. The following considerations are particularly relevant when assessing Greece as an investment jurisdiction:

- **Strategic Location and Market Access:** Greece occupies a pivotal position at the crossroads of Europe, Asia, and Africa, functioning as a natural gateway for trade and investment flows between these regions. As a Member State of the European Union and the Eurozone, Greece provides investors with direct access to the E.U. single market, ensuring free movement of goods, services, and capital. Its well-developed maritime sector enhances its role as a logistics and transportation hub, particularly in connection with international trade routes.

- **Legal and Regulatory Framework:** Greece has a comprehensive legal and regulatory framework based on civil law tradition, with codified legislation serving as the primary source of law. As a Member State of the European Union, Greece implements E.U. regulations and directives, ensuring alignment with the E.U. legal and regulatory framework. Greece is also a member of the O.E.C.D. and adheres to internationally recognized standards in areas such as taxation, corporate governance, transparency, and investment regulation. This framework provides a stable, transparent, and predictable environment for businesses and investors operating in the country.

- **Reform Agenda:** In the aftermath of the financial crisis, Greece implemented an extensive reform agenda focused on restoring fiscal stability, enhancing competitiveness, modernizing public administration, and strengthening institutional and regulatory frameworks. A significant element of these reforms has been the digitalization of the public sector, including the expansion of e-government services and the simplification of administrative procedures, contributing to greater efficiency and transparency. Collectively, these measures have improved the business environment, strengthened macroeconomic resilience, and increased the country's attractiveness to investors. Economic growth continues to be supported by key sectors such as tourism, real estate, renewable energy, logistics, shipping, and technology, all of which have benefited from structural reforms and increasing domestic and foreign investment.

- **Tax Regime and Incentives:** Greece's taxation framework is shaped by domestic legislation and international standards. As a Member State of the European Union, Greece applies E.U. tax rules and principles, including those relating to V.A.T., anti-tax avoidance measures, and cross-border cooperation between tax authorities. Furthermore, Greece's participation in the O.E.C.D. has led to the adoption of internationally recognized standards on tax transparency, transfer pricing, exchange of information. and the implementation of measures related to the O.E.C.D.'s Base Erosion and Profit Shifting ("B.E.P.S.") initiative. These developments have contributed to a tax system that is increasingly aligned with international best practices and supportive of cross-border investment and business activity. In regard to its domestic legislation, Greece offers an attractive corporate tax environment, featuring a competitive corporate income tax rate and a range of incentive measures aimed at encouraging both domestic and foreign investment. In recent years, the country has introduced several targeted tax regimes, including incentives for individuals transferring tax residence to Greece and preferential tax treatment for certain categories of foreign-source income. These measures are designed to enhance Greece's attractiveness as a destination for investment, entrepreneurship, and international executives.

Forms of Business Entities

Under the applicable Greek corporate law framework, a number of legal forms are available for conducting business activities, each designed to accommodate different entrepreneurial needs and investment structures. These forms are primarily governed by a structured legislative environment, including, *inter alia*, Law 4548/2018 for *sociétés anonymes*, Law 3190/1955 for limited liability companies, and Law 4072/2012 for private companies ("I.K.E."), as amended and in force.

The Greek corporate environment is characterized by a gradual shift towards flexibility, simplification of procedures, and digitalization. A key feature is the establishment of the General Commercial Registry ("G.E.M.I.") and the introduction of one-stop-shop services for company incorporation.

Each corporate form differs in terms of legal personality, minimum capital requirements, governance structure, and the extent of liability of its shareholders or partners.

The selection of the appropriate legal form constitutes a crucial strategic decision, as it directly impacts the company's operational flexibility, financing opportunities, tax treatment, and risk exposure. In the Greek context, particular emphasis is placed on corporate transparency, proper record-keeping, adherence to statutory obligations, and increased scrutiny by tax and regulatory authorities.

Moreover, the Greek corporate governance framework imposes specific duties on directors and managers, including duties of loyalty, diligence, and compliance with the law and the company's corporate purpose. Failure to comply with these obligations may result in civil, administrative, and, in certain cases, criminal liability, particularly in areas such as tax compliance, insolvency, and financial reporting.

Accordingly, a thorough understanding of the Greek corporate legal environment and of the implications associated with each business form is essential for ensuring lawful operation, efficient management, and long-term business sustainability.

The following sections provide a concise overview of the main legal types of business entities and branches of foreign companies, focusing on their defining features and the considerations relevant to their selection.

Personal Companies – General Partnership and Limited Partnership

Personal companies are traditionally used for smaller scale or closely held business activities. The two principal forms under Greek law are the general partnership ("O.E.") and the limited partnership ("E.E."). Both these types of companies have legal personality and are not tax transparent under Greek law.

In an O.E., all partners bear unlimited, joint, and several liability for the company's obligations, extending to their personal assets. This form is therefore primarily suitable where there is a high degree of trust among partners and relatively limited business risk.

In contrast, the E.E. introduces a distinction between general partners – who retain unlimited liability and management authority – and limited partners, whose liability is restricted to the amount of their respective contributions, provided they do not participate in management. This structure allows for the inclusion of passive investors while maintaining operational control with the general partners.

Personal companies generally benefit from simplified formation procedures, lower administrative burdens, and greater contractual flexibility in regulating internal relations among partners. Their governance is less formalized compared to capital companies, often relying on partnership agreements rather than strict statutory frameworks.

Their main disadvantage lies in the exposure to personal liability and, in certain cases, reduced attractiveness for external investors or financing institutions. As a result, personal companies are typically preferred for family businesses, professional services, and small commercial ventures where personal involvement and mutual trust are paramount considerations.

Société Anonyme ("S.A."/"A.E.")

The S.A. constitutes the principal corporate form for medium to large-scale enterprises and is particularly suited to businesses with growth ambitions and potential access to external financing. It possesses full legal personality, distinct from its shareholders, who benefit from limited liability confined to their capital contributions.

The S.A. is subject to a statutory minimum share capital of €25,000, which must be subscribed and paid in accordance with applicable corporate law provisions. Its governance structure is formal and typically consists of a General Meeting of shareholders and a Board of Directors, ensuring structured decision-making.

This corporate form is characterized by heightened regulatory, accounting, auditing, and disclosure requirements, including mandatory publication obligations, and where applicable, statutory audits. Due to its credibility, transparency, and capacity for capital raising, the S.A. is commonly chosen by (i) entities operating in regulated sectors, such as financial services or energy, and (ii) businesses undertaking medium to large-scale commercial activities. It is also the preferred vehicle for companies seeking to (x) attract institutional investors, (y) facilitate complex financing arrangements or (z) pursue a listing on a regulated market.

Limited Liability Company ("Ltd."/"E.P.E.")

An E.P.E. represents a hybrid corporate form combining elements of both capital and personal companies. It possesses legal personality and ensures that partners' liability is limited strictly to the value of their contributions.

Compared to the S.A., the E.P.E. benefits from a more simplified governance structure, typically involving one or more administrators rather than a formal board. While it remains subject to corporate formalities and registration requirements, its operational framework is less complex and more adaptable.

This structure is particularly appropriate for small and medium-sized enterprises ("S.M.E.'s") seeking a balance between limited liability protection and moderate administrative burden. It provides a stable and relatively formal corporate framework without the extensive compliance obligations imposed on S.A.'s, making it a practical choice for closely held businesses.

However, compared to the more recently introduced private company discussed below, the E.P.E. is generally considered less flexible in terms of capital structure, contribution mechanisms, and corporate governance arrangements.

Private Company ("P.C."/"I.K.E.")

Compared to the E.P.E., the I.K.E. offers greater flexibility in terms of incorporation, capital structure, and corporate governance. While an E.P.E. traditionally requires capital contributions divided into corporate units and is subject to a more formal governance framework, an I.K.E. may be established with a minimum capital contribution of only €1 and permits not only capital contributions but also non-capital and guarantee contributions. In addition, the I.K.E. benefits from simplified incorporation procedures, lower administrative costs, and greater contractual flexibility, making it particularly attractive for startups, S.M.E.'s, and entrepreneurial ventures. Although the E.P.E. remains a well-established corporate form suitable for small and medium-sized businesses, the I.K.E. has largely become the preferred limited liability vehicle in Greece due to its modern and business-friendly features.

Branches of Foreign Companies

Foreign entities may establish a branch in Greece to conduct business activities locally without incorporating a separate legal entity. The branch does not have a legal personality and operates under the legal personality of the foreign company, which remains fully liable for its obligations. Nevertheless, for Greek tax purposes, a branch constitutes a taxable presence and is subject to corporate income taxation on profits attributable to its Greek operations. The establishment and operation of a branch require registration with the competent authorities and compliance with applicable local legal, accounting, tax, and reporting obligations.

Interaction Between Greek, E.U., and International Tax Rules

The Greek tax system operates within a multi-layered legal framework, where domestic tax legislation is significantly influenced and, in certain cases, superseded by European Union law and international tax treaties. The interaction among these three levels is critical for structuring cross-border investments and managing tax exposure.

As a Member State of the E.U., Greece is bound by E.U. law, which has primacy over conflicting national provisions. This is particularly relevant in the field of taxation, where E.U. directives and the fundamental freedoms such as the free movement of capital and establishment directly affect domestic tax rules.

Greece has concluded an extensive network of Double Taxation Treaties ("D.T.T.'s"), largely based on the O.E.C.D. Model Convention, aimed at eliminating double taxation and preventing tax evasion in cross-border transactions. Greek domestic tax law, primarily the Income Tax Code (Law 4172/2013, incorporates both E.U. directives and international standards, creating a framework that aligns with global tax developments.

Greece participates actively in the O.E.C.D. B.E.P.S. initiative and has adopted a series of measures to counter aggressive tax planning. For investors, a comprehensive understanding of this interaction is essential in order to ensure tax efficiency, regulatory compliance, and the sustainability of cross-border business structures.

CORPORATE INCOME TAX SYSTEM

The Greek corporate income tax system is primarily governed by the Income Tax Code (Law 4172/2013), as amended, and reflects both domestic policy objectives and the influence of E.U. law and international tax standards. The system applies to legal entities conducting business activities in Greece and to Greek branches of foreign entities. It is structured around key concepts such as tax residency, taxable income, deductible expenses, and group financing rules.

Tax Residency

Under Greek tax law, a legal entity is considered to be a tax resident of Greece for any tax year, provided any of the following fact patterns apply:

- It has been incorporated or established in accordance with Greek law.
- It has its registered seat in Greece.

- Its place of effective management is located in Greece at any time during the tax year.

The "*place of effective management*" is deemed to be in Greece based on the actual facts and circumstances, taking into account, in particular, the following:

- Greece is the place where day-to-day management is exercised.
- Greece is the place where strategic decisions are made.
- Greece is the place where the annual general meeting of shareholders or partners is held.
- Greece is the place where the books and records are maintained.
- Greece is the place where meetings of the board of directors or any other executive management body are held.
- Greece is the place of residence of the members of the board of directors or any other executive management body.

"Up to now, the relevant Greek legal provision regarding the place of effective management of a foreign corporation has not been tested in practice."

In conjunction with the above factors and circumstances, the residence of the majority of shareholders or partners may also be taken into consideration.

Up to now, the relevant Greek legal provision regarding the place of effective management of a foreign corporation has not been tested in practice. There is no precedence derived from tax audits or relevant jurisprudence challenging the tax residence of a foreign legal entity based on the place of effective management rule. Moreover, the Greek tax administration has not issued any Ministerial Decision, Circular, or other guidance in relation to the interpretation and application of the above provisions.

In these circumstances, the O.E.C.D. Model Tax Convention ("M.T.C.") may provide guidance for determining residence based on the place of effective management. To that end, the commentary to the 2017 O.E.C.D. M.T.C. identifies factors to be taken into account that are substantially similar to those listed above.[1]

Corporate Income Tax Rules and Rates

Greek tax resident entities are subject to taxation on worldwide income, whereas nonresident entities are taxed only on Greek-source income, including income attributable to a permanent establishment in Greece.

Corporate entities in Greece are subject to corporate income tax ("C.I.T.") on all their net taxable profits, calculated as accounting profits adjusted for tax purposes. The standard corporate income tax rate currently stands at 22%.

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1 Paragraph 24.1 of the Commentary to Paragraph 3 of Article 4 (Resident) provides as follows:

> Competent authorities having to apply paragraph 3 would be expected to take account of various factors, such as where the meetings of the person's board of directors or equivalent body are usually held, where the chief executive officer and other senior executives usually carry on their activities, where the senior day-to-day management of the person is carried on, where the person's headquarters are located, which country's laws govern the legal status of the person, where its accounting records are kept ***

An exception applies to certain entities, most notably credit institutions, which are subject to a C.I.T. rate of 29%, primarily due to the special tax treatment of deferred tax assets ("D.T.A.'s") and deferred tax credits ("D.T.C.'s"), reflecting sector-specific regulatory considerations.

All income generated by legal entities, including capital gains, is treated as business income. Deductions are allowed for reasonable business expenses, depreciation, and provisions for bad debts, as discussed in more detail, below. The resulting net income is subject to C.I.T.

Greek companies are also subject to an advance C.I.T. prepayment equal to 80% of the C.I.T. assessed for the tax year. The resulting tax liability is payable in up to eight monthly installments following the filing of the annual income tax return.

Payments to foreign recipients are subject to withholding tax to the extent an E.U. directive or a tax treaty is not applicable. For dividends, the withholding tax rate is 5%, for interest, the withholding tax rate is 15%, and for royalties, the withholding tax rate is 20%. If the E.U. Parent-Subsidiary Directive applies to a dividend, no withholding tax is due. The same result applies for interest and royalties if the E.U. Interest & Royalties Directive applies.

Deductible and Nondeductible Expenses, Thin Capitalization Rules, and Tax Losses

Under the Greek corporate income tax framework, the determination of taxable profits is based on accounting results adjusted in accordance with specific tax provisions governing the deductibility of expenses, interest limitations, and the treatment of tax losses.

As a general principle, business expenses are tax deductible provided they (i) relate to real transactions at market value, (ii) are recorded in the books and are supported by relevant tax records, and (iii) are not included in the list of explicitly nondeductible expenses.

In particular, when determining profits from business activity, the deduction of all expenses is permitted, provided that such expenses meet the following conditions:

- They are incurred in the interest of the enterprise or in the course of its ordinary business transactions, including expenses relating to corporate social responsibility activities.
- They correspond to a real transaction, and the value of the transaction is not considered to be higher or lower than market value, or an arm's length value for related party transactions, based on the information available to the tax administration.
- They are recorded in the accounting books for the relevant period in which they are incurred and are supported by appropriate documentation.

Expenses for corporate social responsibility ("C.S.R.") actions are deductible on the condition that the enterprise reports account for profits in the fiscal year during which such expenses are incurred. This requirement does not apply where the C.S.R. activity is carried out upon request of the state.

Certain expenses are not tax deductible, including the following:

- Interest on loans undertaken by the enterprise from third parties (except for bank loans, inter-bank loans, inter-company loans, and bond loans issued by corporations formed as S.A.'s), to the extent they exceed the interest rate of loans on open deposit/withdrawal accounts granted to non-financial enterprises, as published in the Statistical Bulletin of the Central Bank of Greece for the period closest to the date of the loan
- Any expense for the purchase of goods or services exceeding €500, where payment has not been made, in whole or in part, through a banking payment method
- Unpaid social security contributions
- Fines and penalties, including surcharges
- Payments in cash or in kind that constitute a criminal offense
- Income tax, including business tax and extraordinary levies imposed on business profits, as well as V.A.T. corresponding to nondeductible expenses, where such V.A.T. is not deductible as input V.A.T.
- Deemed rent in cases of self-use property, to the extent it exceeds 3% of the objective value of the property
- Expenses for the organization of informational events and meetings relating to catering and accommodation of clients or employees, to the extent they exceed €300 per participant and, in total, 0.5% of the company's annual gross income
- Expenses for celebratory events, catering, and accommodation of guests exceeding €300 per participant and, in total, 0.5% of annual gross income
- Entertainment expenses, unless the taxpayer's main business activity consists of providing entertainment services and such expenses are incurred in that context
- Personal consumption expenses
- Expenses paid to a natural or legal person or entity tax resident in a noncooperative jurisdiction or subject to a preferential tax regime, unless the taxpayer proves that the expenses relate to genuine and ordinary transactions and do not result in profit shifting or tax avoidance/evasion[2]
- Expenses arising within the framework of an employment relationship, where payment has not been made using electronic payment methods or payment service providers
- Rental expenses, where payment has not been made using electronic payment methods or via a payment service provider

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[2] This restriction does not apply to E.U./E.E.A. residents, provided there is a legal basis for exchange of information.

- Amounts or other consideration paid, directly or indirectly, for the unauthorized sale of television advertising time
- Business expenses of a legal person or entity incurred as lessor and relating to property for which rent has not been paid
- Provisions for future liabilities, except certain bad debt provisions that meet specific requirements

In addition to the general deductibility rules, Greek law imposes limitations on the deductibility of interest expense based on thin capitalization rules, in line with the E.U. Anti-Tax Avoidance Directive ("A.T.A.D."). Specifically, net borrowing costs are deductible only up to 30% of the taxpayer's earnings before interest, tax, depreciation, and amortization ("E.B.I.T.D.A."). Credit institutions, insurance/reinsurance companies, and pension institutions are exempt from this limitation. A *de minimis* threshold applies, allowing full deductibility where net interest expense does not exceed €3 million annually. Any excess interest that is not deductible in a given tax year may be carried forward and deducted in future years, subject to the same limitations. These rules are particularly relevant in leveraged financing structures and intragroup funding arrangements.

With regard to tax losses, the Greek system permits the carryforward of tax losses for a period of up to five years, while a carryback is not allowed. Under an anti-abuse provision, the carryforward of tax losses may be forfeited where the following two events occur:

- There is a change in ownership or voting rights of a company of more than 33%.
- There is a change in the company's business activity within the same or the following tax year representing more than 50% of the annual turnover compared to the tax year before the change in ownership/voting rights took place.

PERMANENT ESTABLISHMENTS ("P.E.'S")

Greek P.E. Rules

The concept of a P.E. under Greek tax law is primarily governed by the Income Tax Code (Law 4172/2013). It is generally defined as a fixed place of business through which the business activities of a foreign enterprise are wholly or partly carried out in Greece. P.E.'s of foreign legal entities in Greece are taxed on income attributable to the Greek P.E.

In particular, a P.E. includes the following:

- A place of management
- A branch
- An office
- A factory

- A workshop
- A mine, oil or gas well, quarry, or any other place of extraction of natural resources

A building site, a construction or installation project, or supervisory activities connected with that site or project will constitute a P.E. only if they last for a period exceeding three months.

The following activities are specifically excluded from P.E. status:

- The use of facilities solely for the purpose of storage, display, or delivery of goods or merchandise belonging to the enterprise.
- The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display, or delivery.
- The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise.
- The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or collecting information for the enterprise.
- The maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character.
- The maintenance of a fixed place of business solely for any one or more of the above activities, provided that the overall activity resulting from a combination of activities is of a preparatory or auxiliary character.

"A building site, a construction or installation project, or supervisory activities connected with that site or project will constitute a P.E. only if they last for a period exceeding three months."

Where a person, other than an independent agent, acts on behalf of an enterprise and has, and habitually exercises, in Greece an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in Greece in respect of the activities undertaken by such person on its behalf. This rule does not apply where the activities of the person in Greece are limited to those that would not result in the existence of a P.E. if performed by the enterprise, even if carried out through a fixed place of business.

An enterprise shall not be deemed to have a permanent establishment in Greece merely because it carries on business through a broker, general commission agent, or any other independent agent, provided that such persons are acting in the ordinary course of their business.

The fact that a company that is a tax resident of Greece (i) controls a nonresident subsidiary company or (ii) is controlled by a nonresident parent company does not in itself result in the Greek company as being characterized as a permanent establishment of the nonresident company.

O.E.C.D. Approach and Practical Risks

As the foregoing set of rules indicates, the concept of a P.E. under Greek tax law is broadly aligned with the definition and interpretative guidance set out in the O.E.C.D. M.T.C. and its Commentary, which serve as key reference points for both domestic law and the interpretation of Double Tax Treaties concluded by Greece. Accordingly, the core elements of a fixed place of business, permanence, and the carrying on of business activities are consistently applied.

Nevertheless, certain deviations from the O.E.C.D. standard are of practical importance. Most notably, a construction site or installation project constitutes a P.E. in Greece if it lasts for more than three months, which is a significantly shorter period of time than the 12-month threshold provided under the O.E.C.D. M.T.C. This lower threshold increases the likelihood that foreign enterprises engaging in short-term construction or installation activities in Greece may trigger a taxable presence.

In addition, although Greece has ratified the O.E.C.D. Multilateral Instrument ("M.L.I."), it has reserved the right not to apply all relevant P.E. provisions contained in Articles 10-15 that aim at preventing the artificial avoidance of the P.E. status to its Covered Agreements. The most relevant examples are the expanded dependent agent P.E. rule, the anti-fragmentation rule, and the contract-splitting rule. As a result, the existence of a P.E. in Greece must generally be assessed based on the wording of the applicable Double Tax Treaty, as modified by the M.L.I. provisions adopted by both contracting states, together with relevant domestic law and treaty interpretation principles.

In practice, however, Greek tax auditors frequently rely on O.E.C.D. Commentary and B.E.P.S. Action Item 7 concepts when examining P.E. risks, particularly in relation to the functions performed by Greek affiliates, sales personnel, and local operations. While such concepts may influence the factual and interpretative analysis conducted during an audit, taxpayers may argue that P.E. exposure cannot be expanded beyond the applicable treaty text, especially where Greece expressly reserved against the relevant M.L.I. P.E. provisions.

Lastly, the emergence of remote working arrangements has introduced new complexities when undertaking a P.E. analysis. Where employees or managers of a foreign entity work remotely from Greece on a continuous basis, a potential risk exists for the creation of a P.E. if their home office effectively meets the P.E. definition of the relevant Double Tax Treaty.

The latest O.E.C.D. guidance on cross-border remote working, outlined in the November 2025 Update to the Model Tax Convention centers on a practical two-part framework to determine whether an employee's home office creates a taxable corporate presence for a foreign employer. They are the 50% Time Threshold and the Commercial Reason Test. It remains to be seen how the above new guidance will be applied in practice by the Greek tax authorities in future tax audits.

Profit Attribution

Once a P.E. is established, the next step is the determination of the profits attributable to that P.E. that are subject to Greek taxation. Greece follows the Authorized O.E.C.D. Approach ("A.O.A."), under which the P.E. is treated as a functionally separate entity for tax purposes.

This approach requires a detailed functional and factual analysis, examining the functions performed, assets used, and risks assumed by the P.E. The method used to allocate profits is based on the arm's length principle, ensuring that the P.E. is remunerated as if it were an independent enterprise engaged in similar activities under comparable conditions. In practice, this involves the allocation of revenues generated by the P.E., and expenses incurred in relation to its activities.

Transfer pricing principles play a central role in this process, particularly in determining internal dealings between the head office and the P.E. Proper documentation and consistency with O.E.C.D. guidelines are essential to mitigate the risk of disputes with tax authorities.

The concept of P.E. in Greece operates within a complex and evolving international tax environment, shaped by domestic law, O.E.C.D. standards, and treaty obligations. The increasing digitalization of business and the expansion of cross-border activities have significantly heightened P.E. risks, particularly in relation to agency structures and remote working arrangements. A careful assessment of operational presence, contractual arrangements, and functional substance is essential to avoid unintended tax exposure in Greece.

GREECE AS A HOLDING COMPANY JURISDICTION

Dividends Participation Exemption

The E.U. Parent-Subsidiary Directive (Directive 2011/96/E.U.) has been fully implemented into the Greek tax system and constitutes a key mechanism for eliminating economic double taxation of dividends within corporate groups operating across the E.U.

In the Greek legal framework, the Directive is primarily transposed through the Income Tax Code (Law 4172/2013), notably via Article 48, which provides for the exemption of incoming dividends (participation exemption), and Article 63, which eliminates withholding tax on outbound intra-E.U. dividends, as well as on certain interest and royalty payments within qualifying group structures.

Under Greek tax law, intragroup dividends received by Greek legal entities benefit from the participation exemption regime and are, in principle, exempt from corporate income tax when the following certain cumulative conditions are fulfilled:

- The distributing legal entity must have a legal form listed in Annex I of the E.U. Parent-Subsidiary Directive (Directive 2011/96/E.U.).
- The distributing legal entity must be tax resident in an E.U. Member State (including Greece) and must not be treated as a tax resident of a third country under the provisions of an applicable Double Tax Treaty.
- The distributing legal entity must be subject to corporate income tax or an equivalent tax, as specified in Annex I of the Directive, without the possibility of exemption.
- From the perspective of the recipient, the Greek parent company must hold a minimum direct participation of at least 10% in the share capital, voting rights, or ownership interest of the distributing legal entity.
- Furthermore, this participation must be held for a minimum uninterrupted period of 24 months; alternatively, the exemption may be granted earlier if the holding requirement is secured by an appropriate financial guarantee.

- At the level of the distributing legal entity, the distribution must not be claimed as a deduction, thereby preventing situations of double nontaxation and aligning the regime with anti-abuse principles.

Recent legislative developments have further expanded the scope of the participation exemption. As of tax year 2025, the exemption has been extended to cover dividends received from non-E.U. subsidiaries, provided that conditions equivalent to those applicable within the E.U. are satisfied. Specifically, all of the following conditions must be met:

- The distributing legal entity has the legal form of a capital company based on the law of its state of establishment.
- The distributing legal entity is not established in a noncooperative state.
- The distributing legal entity is subject to C.I.T. or other similar tax, without the possibility of opting out or qualifying for an exemption.
- The recipient entity holds a minimum participation percentage of at least 10% in the share capital, voting rights, or value of the distributing legal entity.
- The minimum participation percentage is held for at least 24 months.

Capital Gains Participation Exemption

Capital gains derived by Greek resident legal entities are treated as business income and are subject to C.I.T. at the rate of 22%.

Capital gains derived from the transfer of shares by nonresident legal entities are not taxable in Greece, unless they maintain a P.E. in Greece that derives the gain.

Greece applies a capital gains participation exemption regime, pursuant to which capital gains realized by a Greek tax resident legal entity from the disposal of shares in E.U. subsidiaries, including domestic subsidiaries, are exempt from corporate income tax, provided that all the following conditions are satisfied:

- The company that issued the shares must be tax resident in an E.U. Member State and have a legal form listed in Annex I of the E.U. Parent-Subsidiary Directive (Directive 2011/96/E.U.).
- The company that issued the shares must be subject to one of the corporate taxes specified in Annex I of the Directive, without the possibility or option of exemption.
- The Greek tax resident legal entity must maintain a minimum direct participation of at least 10% in the share capital or voting rights of the subsidiary, which must be held for an uninterrupted period of at least 24 months.

At the level of the Greek tax resident legal entity holding the shares, business expenses related to the sale of the participation are not tax deductible, thereby ensuring symmetry in tax treatment and preventing the erosion of the tax base.

As of tax year 2025, the scope of the abovementioned capital gains participation exemption has been extended to also cover participations in non-E.U. subsidiaries, if the following conditions are met cumulatively:

- The entity whose shares are transferred has the legal form of a capital company under the law of its state of establishment.
- The entity whose shares are transferred is not established in a noncooperative state.
- The entity whose shares are transferred is subject to C.I.T. or other similar tax without the possibility or option of exemption.
- The transferring legal entity holds a minimum participation percentage of at least 10% of the value or number of the share capital or share capital or voting rights of the legal entity whose shares are transferred.
- The minimum participation percentage is held for at least 24 months.

Double Tax Treaties

Greece currently has 58 double tax treaties in effect with the following jurisdictions:

Albania	Finland	Malta	Slovakia
Armenia	France	Mexico	Slovenia
Austria	Georgia	Moldavia	South Africa
Azerbaijan	Germany	Morocco	South Korea
Belgium	Hungary	Netherlands	Spain
Bosnia & Herzegovina	Iceland	Norway	Switzerland
Bulgaria	India	Poland	Tunisia
Canada	Ireland	Portugal	Türkiye
China	Israel	Qatar	U.A.E.
Croatia	Italy	Romania	U.K.
Cyprus	Japan	Russia	U.S.A.
Czech Republic	Kuwait	San Marino	Ukraine
Denmark	Latvia	Saudi Arabia	Uzbekistan
Egypt	Lithuania	Serbia	
Estonia	Luxembourg	Singapore	

Conclusory Remarks

Although Greece does not provide for a dedicated holding company regime, it may serve as an efficient holding company jurisdiction, particularly within the E.U., due to its participation exemption regime, implementation of E.U. tax directives, and extensive network of Double Tax Treaties.

From a domestic tax perspective, the availability of the participation exemption for dividends and capital gains may enhance the attractiveness of Greece as a location for holding and managing investments. In addition, the implementation of the E.U. P.S.D. may eliminate withholding tax on qualifying dividend distributions between associated companies established within the E.U., while the extensive network of Double Tax Treaties may reduce or eliminate withholding taxes on dividends and provide relief from double taxation in cross-border structures involving non-E.U. jurisdictions.

The effectiveness of a Greek holding company structure, however, depends on compliance with applicable substance requirements and anti-abuse rules. In line with E.U. law and the B.E.P.S. framework of the O.E.C.D., access to domestic exemptions, treaty benefits, and directive-based relief may be challenged where a holding company lacks sufficient economic substance or is considered an artificial arrangement established primarily to obtain tax advantages. Relevant factors include the existence of an actual business presence in Greece, appropriate personnel and premises, effective management and decision-making functions, and the assumption of genuine economic risks.

"Overall, Greece offers a competitive and increasingly robust framework for holding activities."

Moreover, the application of tax benefits may be restricted under the General Anti-Avoidance Rule ("G.A.A.R."), treaty anti-abuse provisions, and specific rules ("S.A.A.R.'s") relating to noncooperative jurisdictions and preferential tax regimes. Accordingly, the establishment and operation of a Greek holding company should be supported by a clear commercial rationale and an adequate level of substance to ensure access to the intended tax benefits.

Overall, Greece offers a competitive and increasingly robust framework for holding activities. Nevertheless, the viability and tax efficiency of a Greek holding structure require careful planning and ongoing compliance with both domestic and international tax standards.

WITHHOLDING TAXES ON CROSS-BORDER PAYMENTS

Dividends

Dividends paid to nonresident companies are, in principle, subject to withholding tax at a rate of 5%. However, important exemptions apply:

- Profit distributions by partnerships maintaining single-entry accounting books are not subject to withholding tax.
- Distributions of profits from Greek branches to their foreign head offices are also exempt, reflecting their treatment as internal transfers rather than separate taxable distributions.

Interest

Interest payments to nonresident companies are subject to withholding tax at a rate of 15%.

Royalties

Royalties paid to nonresident companies are subject to a 20% withholding tax, provided that the recipient does not maintain a P.E. in Greece.

No withholding tax applies to royalties paid to Greek resident companies or nonresident companies that maintain a P.E. in Greece, to which the income is effectively connected.

E.U. Directive Exemptions/D.T.T. Reliefs

In the context of intragroup transactions, dividends, interest, and royalties received by qualifying parent companies established in other E.U. Member States, as well as Switzerland, may benefit from full exemption from withholding tax, provided that the conditions laid down in the E.U. P.S.D. and the E.U. Interest and Royalties Directive are satisfied. Where such conditions are not met, or in cases involving parent companies established outside the E.U., the provisions of an applicable Double Tax Treaty will prevail over domestic law and may provide for reduced withholding tax rates or full exemption, depending on the circumstances.

Consulting/Management Fees and Fees for Technical Services

Consulting fees management fees and fees for technical services are, as a general rule, subject to withholding tax at a rate of 20%. Nevertheless, an exemption applies for service fees paid to Greek resident companies and to companies resident in E.U. or E.E.A. jurisdictions, even when the recipient maintains a permanent establishment in Greece. For service providers established in non-E.U./E.E.A. jurisdictions, withholding tax is imposed only if such entities maintain a P.E. in Greece.

By way of exception, fees for technical services paid to contractors engaged in technical projects are subject to a withholding tax rate of 3%. This withholding tax applies to payments made to both Greek resident companies and nonresident companies operating in Greece through a permanent establishment.

EUROPEAN UNION COMPLIANCE

Intragroup Transfer Pricing Rules

The Greek Income Tax Code (Article 50) establishes the fundamental framework governing intragroup transactions, implementing the arm's length principle in the Greek tax system and aligning domestic law with internationally accepted standards, in particular the O.E.C.D. Transfer Pricing Guidelines.

Where legal persons or legal entities

- engage in one or more transactions, whether domestic or cross-border, with associated persons; and
- such transactions are conducted under economic or commercial conditions that differ from those which would have been agreed between independent enterprises or between associated enterprises and third parties,

any profits that would have been realized in the absence of such conditions but were not realized due to those differing terms are included in the taxable profits of the taxpayer. This adjustment is carried out in accordance with the arm's length principle, and only to the extent that it does not reduce the amount of tax payable.

The provision establishes the authority of the tax administration to perform transfer pricing adjustments where intercompany dealings do not reflect market conditions. It ensures that the taxable base of a legal person or legal entity in Greece reflects the profits that would have been earned had the transactions been conducted under comparable circumstances between unrelated parties.

The provision introduces a corresponding adjustment mechanism in order to prevent economic double taxation arising from transfer pricing corrections. Specifically, where profits subject to tax in Greece are increased in the hands of one legal person or legal entity following a tax audit, and those same profits have already been taxed in Greece at the level of an associated entity, the latter may request a corresponding adjustment. This is effected through the submission of an amended tax return, accompanied by notification of the relevant tax audit report concerning the first taxpayer. This provision enhances symmetry in tax treatment and aligns with international practices on corresponding adjustments.

Further, it explicitly provides that the interpretation and application of the foregoing rules must be carried out in accordance with the general principles and guidelines of the O.E.C.D. relating to transfer pricing. This ensures that the Greek transfer pricing framework is harmonized with global standards and supports consistency in the treatment of cross-border intragroup transactions.

As to reporting obligations, related entities are obliged to prepare a T.P. Documentation File and submit a Summary Information Sheet for intragroup transactions. An exemption applies in two circumstances. The first is that the total value of all intragroup transactions for the year is below €100,000 annually and the total annual turnover of the liable party does not exceed €5 million. The second is that the total value of intragroup transactions is below €200,000 annually and the total annual turnover of the liable party exceeds the amount of €5 million.

Advance Pricing Agreements ("A.P.A.'s") are regulated and can be unilateral, bilateral, or multilateral.

Multinational groups having annual consolidated group revenues in excess of €750 million have Country-by-Country ("C-b-C") reporting and/or notification obligations for which compliance within strict deadlines is required.

Controlled Foreign Company ("C.F.C.") Rules

The Greek rules on C.F.C.'s, as set out in Article 66 of the Greek Income Tax Code and further clarified by the administrative guidance of the Independent Authority for Public Revenue, constitute a specific anti-abuse mechanism aimed at preventing the artificial diversion of income to related persons based in low-tax jurisdictions.

Under this framework, a C.F.C. is defined as a foreign legal person, legal entity, or permanent establishment generating profits that are not subject to taxation in Greece, provided that several conditions are met:

- The first condition concerns the ownership level maintained by a Greek taxpayer in the relevant foreign entity. The condition is met if a taxpayer, acting alone or together with associated enterprises, holds directly or indirectly shares or ownership rights representing more than 50% of (i) the voting rights, (ii) capital, or (iii) entitlement to profits of the foreign entity. Where any of these facts exist, the taxpayer is viewed to have decisive influence over the foreign entity.
- The second condition relates to the level of taxation in the foreign jurisdiction. The condition is met if the actual tax paid abroad by the relevant foreign entity is less than half the tax that would be payable in Greece under the ordinary rules of Greek tax law applicable to Greek residents generating Greek-source income.

- The third condition relates to the nature of the income earned by the foreign entity. The condition is met if more than 30% of the relevant foreign entity's net income before taxes is derived from passive income. For this purpose, passive income includes (i) interest and other income from financial assets, (ii) royalties and other income from intellectual property, (iii) dividends, (iv) capital gains from disposal of securities, (v) income from financial leasing, (vi) income from insurance, (vii) income from banking and other financial activities, and (viii) income from captive reinvoicing companies. Such income is considered particularly susceptible to artificial relocation for tax avoidance purposes.

A key feature of the C.F.C. regime is the attribution of undistributed income to the Greek taxpayer. Where the three conditions are met, the undistributed passive income of the C.F.C. is included in the taxable income of the taxpayer in Greece and is taxed as business income. Passive income cannot escape taxation merely because it is retained within a foreign entity.

The concept of associated enterprises plays a crucial role in determining both control and the scope of application of the rules. For the purposes of Article 66, an associated enterprise is defined as any entity (i) in which the taxpayer directly or indirectly holds at least 25% of the voting rights, capital, or profit entitlement, or (ii) any entity or person that holds that level of any of those participations in the taxpayer. Finally, where a person holds a tainted participation in both the taxpayer and another entity, all entities involved are considered associated. This broad definition prevents circumvention through fragmented ownership structures.

The calculation of the taxable income to be attributed follows the general provisions of the Greek Income Tax Code. The income is included in the tax year during which the financial year of the C.F.C. ends and is allocated proportionally to the taxpayer's participation. Losses incurred by the foreign entity are not immediately included in the tax base but may be carried forward and offset against future profits, subject to the general rules on loss utilization.

To avoid double taxation, the law provides specific corrective mechanisms. Where profits that have already been taxed at the level of the taxpayer are subsequently distributed by the C.F.C., the previously included amounts are deducted from the tax base. Similarly, in the case of disposal of the participation in the foreign entity, any income that has already been taxed under the C.F.C. rules is excluded from the taxable base used to calculate capital gains. In addition, foreign taxes paid by the C.F.C. or by associated entities may be credited against the Greek tax liability, although such credit is limited to the amount of Greek tax attributable to that income.

An important limitation to the application of the C.F.C. regime concerns entities that carry on genuine economic activity. The rules do not apply where the C.F.C. demonstrates substantive economic activity supported by staff, equipment, assets, and premises. However, this exemption does not apply where the entity is resident in a third country outside the E.E.A., in which case the rules may apply notwithstanding the existence of economic substance. Furthermore, the burden of proof regarding the lack of genuine economic activity lies with the tax administration in cases involving entities established within the European Union or the E.E.A.

The C.F.C. rules do not apply to shipping companies incorporated and operating in accordance with Law 27/1975 and Law 2687/1953, as well as to companies, legal persons, or legal entities, to the extent that their capital either derives from shipping activities or constitutes investments from shipping funds, provided that such funds are owned by individuals associated with the companies incorporated and operating in accordance with Law 27/1975 and Law 2687/1953.

The administrative guidance clarifies that the C.F.C. provisions constitute a S.A.A.R., prevailing over the G.A.A.R. of the Tax Procedure Code. As such, cases falling within their scope are examined exclusively under Article 66 and not cumulatively with general anti-avoidance provisions. The purpose of the regime is explicitly identified as the prevention of tax avoidance through the transfer of income to low-tax jurisdictions, ensuring that profits forming part of the taxpayer's economic capacity are appropriately taxed in Greece.

In conclusion, the Greek C.F.C. rules represent a comprehensive framework aligned with international and European anti-avoidance standards. By attributing undistributed passive income of a C.F.C. to a domestic taxpayer and by focusing on both control and effective taxation criteria, the regime ensures that artificial profit shifting is effectively attacked, while at the same time preserving exceptions for genuine economic activity.

Thin Capitalization Rules

Article 49 of the Greek Income Tax Code establishes the interest limitation framework applicable to corporate taxpayers, implementing the requirements of Article 4 of the A.T.A.D. The rule aims to prevent excessive interest deductions and ensures that net borrowing costs remain proportionate to the taxpayer's economic activity.

Under this provision, borrowing costs are deductible in the tax year in which they arise only if they do not exceed 30% of the taxpayer's E.B.I.T.D.A. Excess borrowing costs are defined as the amount by which deductible borrowing costs exceed taxable interest income and other economically equivalent taxable revenues received by the taxpayer in accordance with Greek law.

The concept of borrowing costs is interpreted broadly and includes interest expense on all forms of debt, other expenses economically equivalent to interest, and costs arising in connection with the raising of finance.

For the purposes of applying the limitation rule, E.B.I.T.D.A. is calculated by adding back to the taxable income the excess borrowing costs and tax depreciation, following the tax adjustments provided for under the Greek Income Tax Code. Tax exempt income is excluded from the E.B.I.T.D.A. calculation.

By way of derogation from the general limitation, the law introduces a *de minimis* threshold, allowing taxpayers to deduct excess borrowing costs up to €3 million irrespective of the E.B.I.T.D.A. restriction. This provision ensures that smaller or moderately leveraged taxpayers are not disproportionately affected.

Certain exceptions are also provided. In particular, excess borrowing costs arising from loans used to finance long-term public infrastructure projects are excluded from the scope of the limitation rule, provided that the project operator, borrowing costs, assets, and income are all located within the European Union.

Any excess borrowing costs that cannot be deducted in a given tax year may be carried forward without time limitation and deducted in subsequent years, subject to the same rules. This ensures that the restriction can be viewed as a timing rule rather than a permanent denial of deductions.

The provisions of Article 49 do not apply to credit institutions, specific investment firms, alternative investment fund managers, U.C.I.T.S. management companies, insurance and reinsurance undertakings, pension funds, and other regulated financial entities, as explicitly provided by the law.

Finally, an important group-based exemption is provided for taxpayers that are members of a consolidated group for accounting purposes. In such cases, the taxpayer may be allowed to fully deduct exceeding borrowing costs to the extent that certain figures (*e.g.*, share capital to assets ratio, etc.) do not vary from the respective figures of the consolidated group.

"The scope of hybrid mismatches extends beyond financial instruments to include payments made to hybrid entities, as well as payments involving entities with one or more permanent establishments."

In conclusion, Article 49 of the Greek Income Tax Code introduces a comprehensive and sophisticated interest limitation regime aligned with European standards. By combining the E.B.I.T.D.A. restriction, a *de minimis* threshold, an indefinite carryforward, exclusions for those operating in specific sectors of the economy, and group relief mechanisms, the Greek legislation achieves a balance between preventing base erosion and preserving the economic reality of corporate financing structures.

Hybrid Mismatches Rules

Article 66B of the Greek Income Tax Code establishes a comprehensive framework aimed at neutralizing the tax effects of hybrid mismatches, in line with the requirements of the A.T.A.D. and its subsequent amendments. The provision targets situations where differences in the legal characterization of financial instruments, entities, or permanent establishments between jurisdictions produce unintended tax advantages, such as double deductions or deductions without corresponding inclusion of income.

At the core of the provision lies the definition of a "hybrid mismatch," which refers to any situation involving a taxpayer, or in certain cases an entity established in a third country, where a payment or deemed payment leads to either a deduction without inclusion or a double deduction outcome due to differences in tax treatment between jurisdictions. In particular, a mismatch arises where a payment under a financial instrument is deductible in the payer's jurisdiction but is not included in the taxable income of the recipient within a reasonable period of time, and this outcome is attributable to differences in the classification of the instrument or the payment itself. The law clarifies that an income inclusion is deemed timely where (i) it occurs within 12 months following the close of the payer's tax period, or (ii) where it is reasonably expected to occur in a future tax period under arm's length conditions.

The scope of hybrid mismatches extends beyond financial instruments to include payments made to hybrid entities, as well as payments involving entities with one or more permanent establishments. Mismatches may also arise from discrepancies in the allocation of income between a head office and its permanent establishments or among different permanent establishments of the same entity. The provision covers payments made to disregarded permanent establishments and situations involving (x) deemed payments between a head office and a permanent establishment or (y) between two permanent establishments, where such payments are not recognized for tax purposes in the recipient's jurisdiction. In addition, hybrid mismatches may arise where a payment made by a hybrid entity is not taken into account by the jurisdiction of the payee, or where a double deduction is generated.

Article 66B is limited to cases where the mismatch arises (a) between associated enterprises, (b) between a taxpayer and an associated enterprise, (c) between a head office and a permanent establishment, (d) between permanent establishments of the same entity, or (e) within the context of a structured arrangement. For purposes of Article 66B, associated enterprises are generally defined by reference to a participation threshold of 50% or more in voting rights, capital, or profit entitlement. It also extends to entities forming part of the same consolidated group or where one entity exercises significant influence over a second entity.

The provision introduces two central corrective mechanisms:

- First, in the case of double deduction outcomes, if Greece is the investor's jurisdiction of residence, the deduction is denied at the level of the investor, *viz.*, Greece. On the other hand, if Greece is the payer's jurisdiction and the investor's country has not already denied the deduction, Greece will deny the deduction as a defensive measure. This rule ensures that the same expense cannot reduce taxable income in more than one jurisdiction, except to the extent that it is offset against income that is included in the tax base of both jurisdictions, referred to as "dual inclusion income."
- Second, in cases of deduction without inclusion, the payment is not deductible in the jurisdiction of the payer. Alternatively, where the deduction is allowed in the payer's jurisdiction, the corresponding amount must be included in the taxable income of the recipient. Through this mechanism, the legislation eliminates situations where income escapes taxation entirely due to mismatches in legal classification.

The Greek rules also address imported mismatches by denying the deduction of payments made by a taxpayer to the extent that such payments directly or indirectly fund expenses giving rise to hybrid mismatches within a structured arrangement or between associated enterprises, unless the mismatch is already neutralized in another jurisdiction. In this manner, the law prevents indirect exploitation of hybrid mismatches through intermediary transactions.

A specific set of rules applies to mismatches involving permanent establishments. Where income is attributed to a permanent establishment that is not recognized in the other jurisdiction (a "disregarded permanent establishment"), and that income is exempt from taxation, such income must be included in the taxable income of the head office, unless an applicable tax treaty provides otherwise. Similarly, rules are introduced to limit tax relief arising from hybrid transfers designed to obtain multiple benefits in respect of withholding taxes.

The provision also includes rules dealing with dual resident taxpayers. Where deductions are claimed in more than one jurisdiction due to dual tax residence, the deduction is denied to the extent that it is set off against income that is not subject to taxation in both jurisdictions. In the case of E.U. Member States, the deduction is denied if the taxpayer is not considered a tax resident of Greece under the applicable tax treaty.

Greece also applies a reverse hybrid mismatch rule. Where (A) one or more associated nonresident entities hold directly or indirectly at least 50% of the voting rights, capital, or profit interests in a hybrid entity established in Greece, and (B) those jurisdictions treat the entity as a taxable person, the entity is regarded as a tax resident in Greece and is taxed on its income to the extent that such income is not otherwise taxed under Greek law or in another jurisdiction. This rule is intended to address mismatches arising from divergent classification of entities between jurisdictions. However, it does not apply to collective investment vehicles, which are subject to specific regulatory frameworks.

In conclusion, Article 66B of the Greek Income Tax Code reflects a comprehensive implementation of the E.U. anti-hybrid mismatch framework. By addressing a broad range of hybrid arrangements and introducing targeted corrective mechanisms, the provision ensures that tax outcomes are aligned across jurisdictions and that mismatches do not lead to double deductions or double nontaxation. Through its detailed rules on hybrid instruments, entities, permanent establishments, and reverse hybrid situations, the Greek legislation reinforces the principle that cross-border tax outcomes must correspond to the underlying economic substance, thereby safeguarding the integrity of the tax system.

M.L.I. Implementation and P.P.T. Rule

The implementation of the Multilateral Instrument ("M.L.I.") in Greece constitutes a fundamental development in the alignment of the national tax framework with the B.E.P.S. initiative of the O.E.C.D., particularly with respect to the prevention of treaty abuse. Greece ratified the M.L.I. through Law 4612/2019, reserving its right forego applying certain provisions, thereby enabling the simultaneous modification of a significant number of its Double Taxation Treaties without the need for bilateral renegotiation. The introduction of the P.P.T., as set out in Article 7 of the M.L.I., represents a cornerstone of this reform and has a direct and substantial impact on the application of treaty benefits.

The P.P.T. is incorporated into Greek law through the operation of international tax treaties, as modified by the M.L.I., and applies directly pursuant to Article 28 of the Greek Constitution which grants supremacy to international agreements over domestic legislation. As such, the rule does not require explicit transposition into the Greek Income Tax Code (Law 4172/2013) but instead operates within the framework of the applicable D.T.T.'s, forming an integral part of their provisions.

Substantively, the P.P.T. provides that a treaty benefit such as a reduced withholding tax rate or exemption is denied where it is reasonable to conclude in light of all relevant facts and circumstances that obtaining the treaty benefit was one of the principal purposes of an arrangement or transaction. The breadth of the wording is particularly significant, as it lowers the evidentiary threshold for tax authorities. It is not necessary for tax authorities to demonstrate that the tax benefit was the sole or predominant objective, but merely one of the principal objectives. At the same time, the rule incorporates a safeguard allowing the benefit where it is established that granting the benefit is consistent with the object and purpose of the relevant treaty.

In line with O.E.C.D. guidance and international practice, Greek tax authorities undertake a substance-over-form analysis, focusing on whether the entity claiming a treaty benefit conducts genuine economic activity, exercises real decision-making capacity, and maintains an operational presence. Elements such as the existence of offices, employees, management functions, and actual control over income streams are key factors in determining whether a structure is considered legitimate or merely artificial.

The emphasis on economic substance significantly alters the traditional approach to treaty application. Compliance with the formal requirements of a treaty is no longer sufficient to secure treaty benefits. Instead, taxpayers must be able to demonstrate that their structure reflects a genuine business purpose and is not primarily designed to obtain tax advantages. This requirement places increased importance on retaining evidence of commercial rationale, corporate governance, and operational substance.

Overall, the adoption of the P.P.T. through the M.L.I. reflects a broader shift in Greek tax law toward a substance-based approach to international taxation. The focus is no longer limited to the legal form of transactions but extends to their underlying economic reality and intent. As a result, taxpayers engaging in cross-border structuring involving Greece must ensure that their arrangements are supported by genuine business considerations and sufficient economic presence in order to withstand scrutiny under both the P.P.T. and the domestic anti-avoidance framework.

G.A.A.R.

Greece has implemented the G.A.A.R. provisions of the A.T.A.D. into its domestic legal framework. The G.A.A.R. provisions of Greek tax law empower the Tax Administration to disregard non-genuine arrangements that are designed to obtain undue tax advantages. In the Greek legal context, the G.A.A.R. is set out in Article 39 of the Greek Tax Procedures Code (Law 5104/2024).

The G.A.A.R. empowers the Greek Tax Administration to disregard any arrangement that has been put in place by a taxpayer for the main purpose of obtaining a tax advantage that (i) defeats the object or purpose of the applicable tax provision and (ii) is not genuine, taking into account all relevant facts and circumstances.

The term "arrangement" means any (a) transaction, (b) action, (c) operation, (d) agreement, (e) grant, (f) understanding, (g) promise, (h) commitment, or (i) event. An arrangement may consist of more than one step or part. An arrangement or a series of arrangements is regarded as non-genuine to the extent that it is not put in place for valid commercial reasons which reflect economic reality.

In order to determine whether an arrangement is genuine or non-genuine, the tax administration is empowered to examine whether the arrangement involves one or more of the following fact patterns:

- The legal characterization of the individual steps comprising the arrangement is inconsistent with the legal nature of the arrangement as a whole.
- The arrangement is carried out in a manner which would not ordinarily be adopted in reasonable business conduct.
- The arrangement includes elements that have the effect of offsetting or cancelling each other.
- Transactions are carried out in a circular manner.
- The arrangement results in a significant tax advantage which is not reflective of the business risks undertaken by the taxpayer or in its cash flow.
- The expected pre-tax profit margin is insignificant compared to the anticipated tax advantage.

Where arrangements are considered non-genuine, the tax liability, including any related penalties, is to be calculated in accordance with the provisions that would have applied in the absence of the arrangement.

The G.A.A.R. applies broadly to both domestic and cross-border arrangements and allows the tax administration to disregard artificial arrangements lacking economic substance. By contrast, the P.P.T., as described above, is specifically focused on the abuse of tax treaties. In practice, the coexistence of these rules creates a dual anti-abuse framework, allowing the Greek tax authorities to deny treaty benefits under the P.P.T. while simultaneously recharacterizing transactions under the G.A.A.R.

D.A.C. Reporting Obligations / Disclosure Rules ("D.A.C. 6")

The introduction of mandatory disclosure rules under D.A.C. 6 represents a significant development in the European Union's framework for tax transparency as a tool to prevent aggressive tax planning. Greece transposed the D.A.C. 6 obligations into its domestic legal system, thereby establishing a comprehensive regime that requires reporting of certain cross-border arrangements that may present potential tax risks.

Under the Greek framework, the obligation to report primarily rests on intermediaries. These include persons who (i) design, (ii) market, (iii) organize, or (iv) make available for implementation a reportable cross-border arrangement. Also treated as intermediaries are persons who provide aid, assistance, or advice with respect to such arrangements. Intermediaries may consist of (a) tax advisors, (b) lawyers, (c) accountants, (d) financial institutions, or (e) other professionals involved in structuring cross-border transactions. Where there is no intermediary, or where the intermediary is protected by legal or professional privilege, the reporting obligation is transferred to the relevant taxpayer.

A cross-border arrangement becomes reportable when it concerns (x) more than one Member State or (y) a Member State and a third country, and satisfies at least one of the D.A.C. 6 hallmarks. These hallmarks are broadly categorized according to the nature of the arrangement and may include features such as (A) confidentiality conditions, (B) standardized structures, (C) circular transactions, (D) the use of loss-buying schemes, or (E) arrangements that result in deductible payments without corresponding taxation. Certain hallmarks are subject to the "main benefit test," which requires that obtaining a tax advantage is one of the main expected benefits of the arrangement.

The reporting obligation is triggered at an early stage, typically when (1) the arrangement is made available, (2) the arrangement is ready for implementation, or (3) the first step in its implementation has been completed, whichever occurs first. In Greece, the required information must be submitted to the tax administration within a strict deadline, generally within 30 days from the relevant triggering event. The information to be reported includes details of the taxpayers and intermediaries involved, a summary of the arrangement, the applicable hallmarks, and the value of the arrangement, as well as the relevant national provisions forming the basis of the tax advantage.

Once the information is reported to the Greek tax authorities, it is subsequently exchanged automatically with the competent authorities of other E.U. Member States through a centralized system. This exchange ensures that tax administrations across the European Union are able to monitor cross-border tax planning activities and identify potential risks in a coordinated manner.

The Greek legislation follows closely the structure and objectives of the D.A.C. 6 Directive, introducing penalties in cases of noncompliance. Failure to report a reportable arrangement, late reporting, or the submission of incomplete or inaccurate information may result in administrative sanctions. These penalties are intended to ensure the effectiveness of the disclosure regime and to encourage full compliance by both intermediaries and taxpayers.

An important aspect of the Greek framework concerns the interaction between reporting obligations and professional secrecy. In particular, legal professionals such as lawyers may be exempted from the obligation to report where disclosure would breach legal privilege. In such cases, however, they are required to notify other intermediaries or the relevant taxpayer of their reporting obligations, thereby ensuring that the arrangement is ultimately disclosed.

The D.A.C. 6 regime itself does not prohibit any arrangements, nor does it directly impose taxation. Rather, it operates as a transparency tool that enables tax authorities to assess risks, initiate audits, and, where appropriate, apply existing anti-avoidance rules such as the G.A.A.R., the C.F.C. provisions, and the arm's length transfer pricing rules. In this sense, D.A.C. 6 complements the broader anti-avoidance framework by enhancing the flow of information and enabling more effective enforcement.

Lastly, in line with its commitments to tax transparency and international administrative cooperation, Greece has implemented the successive amendments to the E.U. D.A.C. framework. Following the introduction of D.A.C. 6 mandatory disclosure rules, Greece has also implemented D.A.C. 7, which imposes reporting obligations on digital platform operators and enhances cooperation between tax authorities, and D.A.C. 8, which extends reporting and automatic exchange of information requirements to crypto assets and certain digital financial activities. Furthermore, Greece has recently incorporated D.A.C. 9, which aims to facilitate the exchange of information and administrative cooperation in relation to the implementation of the O.E.C.D. Pillar Two global minimum tax rules. These developments reflect Greece's continued alignment with E.U. tax transparency initiatives and international standards for combating tax avoidance and improving tax compliance.

Exit Taxation Rules

Article 66A of the Income Tax Code (Law 4172/2013) imposes an exit tax when a legal person transfers its (i) assets, (ii) tax residence, or (iii) businesses to a transferee outside Greece, which result in the loss of the state's right to tax.

The following transactions are subject to exit tax:

- A transfer of assets from a legal person's head office in Greece to its permanent establishment in another Member State or in a third country in so far as Greece no longer has the right to tax the transferred assets due to the transfer

- A transfer of assets from a legal person's permanent establishment in Greece to its head office or to another permanent establishment in another Member State or in a third country in so far as Greece no longer has the right to tax the transferred assets due to the transfer

- A transfer of a legal person's tax residence from Greece to another Member State or to a third country, except for those assets that remain effectively connected with a permanent establishment in Greece

- A transfer of the business carried on by a legal person's permanent establishment from Greece to another Member State or to a third country in so far as Greece no longer has the right to tax the transferred assets because of the transfer

"In all the above circumstances, the rules aim to ensure that the economic value of a capital gain will be taxed in Greece even though the capital gain has not yet been realized at the time of the exit."

In all the above circumstances, the rules aim to ensure that the economic value of a capital gain will be taxed in Greece even though the capital gain has not yet been realized at the time of the exit.

Exit tax is imposed at the C.I.T. rate, currently 22%, on an amount equal to the market value of the transferred assets at the time of exit minus their value for tax purposes.

The provisions do not apply to individuals.