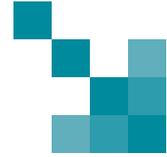


# Greece

Tom Kyriakopoulos, Kelemenis & Co.



[www.practicallaw.com/2-381-2118](http://www.practicallaw.com/2-381-2118)

## TAX AUTHORITIES

### 1. What are the main authorities responsible for enforcing taxes on corporate transactions in your jurisdiction?

Local tax authorities are responsible for enforcing taxes on corporate transactions. The competent tax authority depends on the nature of the tax:

- Taxes on the sale of shares, businesses or company rights: the tax authority with jurisdiction over the company whose shares, business or rights are being transferred.
- Taxes on the disposal of real estate: the tax authority where the real estate is situated.

The Ministry of Finance can provide general guidance on the interpretation of tax law (see *Question 2*).

See box, *The tax authorities*.

### 2. Is it possible to apply for tax clearances or obtain guidance from the tax authorities before completing a corporate transaction? If yes, provide brief details, including whether clearance or guidance is binding.

A taxpayer can file a request with the appropriate department of the Ministry of Finance to obtain an individual reply as to the interpretation and/or implementation of Greek tax law. Although this individual reply is not binding, it tends to be accepted by the local tax authorities.

## MAIN TAXES ON CORPORATE TRANSACTIONS

### 3. What are the main transfer taxes and/or notaries' fees potentially payable on corporate transactions? In relation to each tax/fee identified, explain briefly:

- Its key characteristics.
- What triggers it.
- Who is liable.
- The applicable rate(s).

## Stamp duty

The sale of a business as a going concern is subject to stamp duty at a rate of 2.4%. This is calculated on the net value of the business, that is, the difference between the value of its assets and its liabilities (the business' net equity). Stamp duty is also imposed on a number of other corporate transactions, such as:

- Assumption and recognition of debt.
- Withdrawals made by shareholders.
- Loans.
- Assignments of rights.
- Redemptions of debt.
- Guarantees.

This is provided these transactions are not subject to Greek value added tax (VAT) (see *Question 5*).

The contracting parties can agree responsibility to pay the stamp duty. If they do not, the contracting parties bear it equally.

## Taxes on disposal of real estate

Real estate transfer tax is imposed on the disposal of real estate. The tax is calculated on the contract price, or the so-called objective value (that is, the minimum value assumed by the tax authorities), whichever is higher. Real estate transfer tax rates are:

- 9% for the first EUR15,000 (about US\$22,300).
- 11% for the remainder.

The above rates apply to real estate located in an area where a fire station exists. If no fire station exists, the rates are 7% and 9% respectively.

Real estate transfer tax is levied only on the first transfer of land and buildings effected from 1 January 2006 onward. Following this first transfer, every subsequent transfer is subject to real estate transaction duty, which is calculated at the rate of 1% on the value of the real estate being transferred.

The buyer is responsible for paying real estate transfer tax and transaction duty.

**Notary fees**

A notary public is required for the sale of real estate and the sale of partnership units in a Greek limited liability company (*eteria periorismenis effthinis*) (EPE). Notary fees amount to about 1.2% of the price of the transaction or the objective value of the transaction whichever is higher (see above, *Stamp duty*). The sale of a business and the sale of shares in a Greek corporation (*anonymos etairia*) (AE), which is limited by shares, do not require a notary deed.

---

**4. What are the main corporate and/or capital gains taxes potentially payable on corporate transactions? In relation to each tax identified, explain briefly:**

- Its key characteristics.
  - What triggers it.
  - Who is liable.
  - The applicable rate(s).
- 

**Corporate tax**

Corporate tax is payable on the taxable profits of Greek companies and of permanent establishments (PEs) of foreign resident companies operating in Greece (see *Question 7, Corporate tax*).

Taxable profits are profits shown in the company's official books maintained in accordance with the Code of Books and Records, after adjusting for non-deductible expenses and non-taxable income. The corporate income tax rate applicable to AEs and EPEs (the most common company forms available in Greece) is 25%.

When a company earns income from real estate, the gross real estate income is subject to a 3% supplementary tax payable on this income. This tax cannot exceed the corporate tax. Dividends derived from participations in Greek companies are not taxed further and therefore there is no withholding tax on the distribution of dividends (see *Question 8*). In addition, Greek parent companies can deduct from their local corporate income tax both:

- The underlying foreign corporate income tax paid by their foreign subsidiaries and by any other further subsidiaries of any level or country (proportionate to the profits distributed to the parent company).
- Any withholding tax on dividends distributed by the foreign subsidiaries.

This is provided that the conditions of Directive 90/435/EEC on the taxation of parent companies and subsidiaries, as amended by Directive 2003/123/EC, apply.

**Tax on corporate transactions**

An advance tax of 20% is imposed on gains from the sale of:

- Businesses.
- Units in partnerships or EPEs.

- Participations in joint ventures.
- Other business rights.

The gain is calculated on the higher of the contract price or the minimum deemed value, as calculated in Greek income tax law. The selling company must pay this tax to the appropriate tax authority before the conclusion of the corporate transaction. The gain that the seller realises from the corporate transaction is added to the seller's income when determining its taxable profits (see above, *Corporate tax*). Credit is granted for the 20% advance tax paid.

A sale of unlisted shares in AEs is subject to a special tax imposed at the rate of 5% on the higher of the contractual sale price and the minimum deemed sale price of the shares. If a Greek company sells unlisted shares in a foreign company, this special tax is imposed on the contractual sale price and not any minimum deemed value. The seller must pay this tax to the appropriate tax authority before the conclusion of the corporate transaction. Any gain from the sale of shares is added to the income of the seller when determining its taxable profits (see above, *Corporate tax*). Credit is granted for the 5% tax paid on the transaction.

The sale of shares that have been approved for listing on the Athens Stock Exchange (ATHEX) and that are required to be dispersed in the market before being traded on the ATHEX is subject to a reduced tax rate 0.15% on the transfer price. Gains generated from the sale of listed shares can be recorded in tax-free reserves with the right to offset those gains against losses made from the sale of listed shares. At the time of the reserve's distribution or capitalisation, corporate tax is imposed (with no credit for the tax paid) (see above, *Corporate tax*).

---

**5. What are the main value added and/or sales taxes potentially payable on corporate transactions? In relation to each tax identified, explain briefly:**

- Its key characteristics.
  - What triggers it.
  - Who is liable.
  - The applicable rate(s).
- 

**VAT**

In Greece, all companies, local or foreign, must obtain a tax identification number, which is also used for VAT purposes, before any commercial transaction can be concluded. Greek VAT is charged on the:

- Value of goods and services supplied for consideration by a VATable person in Greece within the course of business.
- Importation of goods in Greece.
- Intra-EU acquisition of goods effected within Greece.

VAT is charged on total consideration including all taxes, costs, charges and commissions.

The standard VAT rate on the supply of goods and services is 19%. A reduced rate of 9% applies to specific supplies (for ex-

ample, food and pharmaceutical products). A reduced rate of 4.5% applies to the sale of books and newspapers. A 30% reduction in VAT rates applies to:

- Goods and services supplied on Greek islands.
- Goods sold to VATable persons on the Greek islands.
- Goods imported to the Greek islands.

VAT does not apply to the sale of:

- Units in a partnership or an EPE.
- A participation in a joint venture.
- Listed or unlisted shares.

The following are not subject to VAT, unless the seller or the buyer conducts business for which it does not have the right to offset VAT:

- The sale of a business as a going concern, either in its entirety or in part.
- The sale of a branch.
- The in-kind contribution of a business in the share capital of an existing or new company.

The following are subject to VAT:

- The purchase of assets, when not regarded as a sale of business.
- The transfer or assignment of IP rights, patents, licenses and permits, if they are not sold within the framework of a business purchase deal.

#### 6. Are any other taxes potentially payable on corporate transactions? In relation to each tax identified, explain briefly:

- Its key characteristics.
- What triggers it.
- Who is liable.
- The applicable rate(s).

No other significant taxes are generally payable on corporate transactions.

#### 7. In what circumstances will the taxes identified in Questions 3 to 6 be applicable to foreign companies (in other words, what "presence" is required to give rise to tax liability)?

#### Taxes on disposal of real estate

Foreign companies must pay real estate transfer tax and transaction duty on the disposal of real estate in Greece, whether or not they have a PE in Greece (see Question 3, *Taxes on disposal of real estate*).

#### Corporate tax

A foreign entity is subject to Greek corporate tax on income arising in Greece if it has, or is deemed to have, a PE in Greece according to either:

- Greek income tax law.
- An applicable bilateral treaty for the avoidance of double taxation (double tax treaty) signed by Greece.

Double tax treaties have been signed and entered into force with 44 countries, including Austria, China, France, Germany, India, Mexico, The Netherlands, Russia, Turkey, the UK and the US.

The corporate income tax rate applicable to foreign companies is 25% (see Question 4, *Corporate tax*).

Greek source income earned by foreign companies without a PE in Greece is subject to Greek income tax at a rate of 25%.

#### Tax on corporate transactions

The sale of unlisted shares in AEs by foreign companies is subject to a special tax imposed at the rate of 5% (see Question 4, *Tax on corporate transactions*).

However, different rules can apply if the seller is a tax resident of a country with which Greece has signed a double tax treaty (see above, *Corporate tax*). In that case, the seller can apply to be exempt from the special tax if the seller either:

- Does not have a PE in Greece.
- Has a PE in Greece, but the income from the sale of the shares is not attributed to that PE.

The sale of listed shares is subject to a tax of 0.15%. The above exemption concerning tax residents of countries with which Greece has signed a double tax treaty does not apply to the sale of listed shares.

#### Stamp duty on loans abroad

Loans concluded by Greek companies are generally subject to stamp duty at a rate of 2.4%, paid on both capital and interest (see Question 3, *Stamp duty*). However, under certain conditions, loans concluded and executed outside Greece are exempt from stamp duty in Greece, even if the borrower is a Greek company.

#### DIVIDENDS

#### 8. Is there a requirement to withhold tax on dividends or other distributions? If yes, provide brief details.

Dividends distributed by Greek companies are not subject to withholding tax. This is because the profits of these companies are taxed at the corporate level with no further taxation of the shareholders (see Question 4, *Corporate tax*). If profits distributed to shareholders have not been taxed at the corporate level for any reason, they are taxed at the time of distribution. In addition, the following are subject to 25% withholding tax:

- Interest paid to shareholders according to the terms of preferred shares.

- Bonuses that SAs paid to members of the board of directors.

## SHARE ACQUISITIONS AND DISPOSALS

### 9. What taxes are potentially payable on a share acquisition/ share disposal?

Foreign residents that do not have a Greek tax identification number and hold shares in Greek AEs must obtain a Greek tax identification number before selling any shares.

#### Stamp duty

A sale of shares in AEs is not subject to stamp duty (see *Question 3, Stamp duty*).

#### Taxes on disposal of real estate

Real estate transfer tax and transaction duty are not due on the sale of shares, whether or not the company whose shares are being transferred holds assets in the form of real estate (see *Question 3, Taxes on disposal of real estate*).

#### Notary fees

A notary public is not required for the sale of shares in an AE and therefore no notary fees are payable (unless the parties choose to conclude the sale with a notary deed) (see *Question 3, Notary fees*).

#### Tax on corporate transactions

A Greek company's sale of unlisted shares in an AE is subject to a special income tax (see *Question 4, Tax on corporate transactions*). Foreign sellers may apply for exemption under certain conditions (see *Question 7, Tax on corporate transactions*). A special tax also applies to the sale of listed shares.

#### Corporate tax

Gains on the sale of shares are calculated as part of the taxable profits of Greek companies, with credit granted for the tax already paid (see *above, Tax on corporate transactions*). If the seller is a foreign company, the gain is not subject to further tax in Greece.

#### VAT

A sale of shares in AEs is not subject to Greek VAT (see *Question 5*).

### 10. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.

#### Tax on corporate transactions

Greek tax law provides a number of exemptions to and reliefs for income tax paid on share sales (see *Question 9, Tax on corporate transactions*). These are:

- A Greek individual's sale of unlisted shares in an AE is subject to the following reduced tax rates:
  - 1.2% for first degree relatives;

- 2.4% for second degree relatives.

- A foreign company's sale of unlisted shares in a Greek AE can be exempt from the 5% tax on share sales if the shareholder is a resident in a country with which Greece has signed a double tax treaty (see *Question 7, Tax on corporate transactions*).

- Sales of shares in Greek real estate investment AEs and Greek ship owning companies are not subject to tax on share sales, and the profits not included in the company's taxable profits for corporate income tax purposes (see *Question 4, Corporate tax*).

- The sale of listed shares is subject to a reduced tax rate of 0.15% (see *Question 4, Tax on corporate transactions*).

#### Mergers

Cash payments made to owners of companies that are sold through mergers by acquisition under Law 2166/93 are not subject to tax on share transfer, but are taxed on the basis of the general provisions of Greek income tax legislation (see *Question 20*).

Greece has implemented Directive 90/434/EEC on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different member states (Mergers Directive), as amended by Directive 2005/19/EC. Therefore, gains that arise on mergers, demergers, partial demergers, contribution of assets and exchange of shares between companies established in different EU member states are not subject to tax on share transfer and gains do not form part of the company's taxable income (see *Questions 4, Corporate tax and 20*).

### 11. Please set out the tax advantages and disadvantages of a share acquisition for the buyer.

#### Advantages

The main tax advantages of a share acquisition deal are the following:

- The buyer's acquisition of the company does not affect that company's tax assets (such as carried forward tax losses (see *Question 4, Corporate tax*)). However, the buyer cannot use that company's tax losses itself, as the concept of a "group" for tax purposes does not exist in Greece and all companies are individually subject to corporate tax.
- Real estate transfer tax and transaction duty do not apply to share sales, even if the acquired company has real estate assets (see *Question 3, Taxes on disposal of real estate*). In other transactions, the buyer may have to pay these taxes. Real estate development projects are therefore often structured through share deals (see *Question 13*).
- The company whose shares are acquired may benefit from tax incentive legislation (such as under *Legislative Decree 1297/1972*). The buyer can make use of this legislation, provided it does not restrict the free transfer of shares. This is because income from shareholdings and participations in other companies in Greece is exempt from tax.

- The sale of shares is not subject to stamp duty or VAT (see *Question 3, Stamp duty and Question 5*).

### Disadvantages

The main tax disadvantages of a share acquisition deal are the following:

- Shares are non-depreciable assets. Therefore, the buyer cannot amortise the cost of acquiring the shares (see *Question 15*).
- The buyer may be liable for taxes that were saved as a result of tax incentive legislation, if the acquired company made use of tax incentive legislation that restricts share transfer for a number of years (see *Question 20*).

### 12. Please set out the tax advantages and disadvantages of a share disposal for the seller.

#### Advantages

There are no particular tax advantages for the seller of unlisted shares unless a relevant exemption or relief applies (see *Question 10*).

However, gains realised from the sale of listed shares can be recorded in a tax-free reserve to be offset against future losses from the sale of listed shares. Tax is payable on capitalisation or distribution on that reserve (see *Question 4, Tax on corporate transactions*).

#### Disadvantages

The main tax disadvantages of a share disposal are the following:

- The sale of unlisted shares in Greek AEs is subject to a special 5% tax (see *Question 4, Tax on corporate transactions*). This gain forms part of the company's taxable profits for the purpose of corporate tax, subject to credit for the 5% tax paid.
- If the seller makes a loss on the sale of these shares, the 5% tax credit against taxable profits does not apply and the tax is lost.

### 13. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.

Foreign companies may use double tax treaties to avoid taxation on the sale of unlisted shares in Greek AEs under certain conditions (see *Question 7, Tax on corporate transactions*).

Real estate development projects may be undertaken using special purpose vehicles (SPVs). In that case, the buyer can acquire the shares of the company that owns the real estate, avoiding taxes on disposal of real estate (see *Question 3, Taxes on disposal of real estate*).

## ASSET ACQUISITIONS AND DISPOSALS

### 14. What taxes are potentially payable on an asset acquisition/asset disposal?

The taxation of an asset disposal depends on whether or not the assets are sold as part of the transfer of a business as a going concern.

A business segment constitutes a separate enterprise if it includes tangible and intangible assets, claims, liabilities, customers, goodwill, trade marks and so on, which together form an economic unit. Where the transfer of a separate enterprise includes the transfer of all rights and obligations related to that enterprise, it will constitute the transfer of a going concern. This issue is fact-specific. Certain criteria can be taken into consideration, including whether:

- The transferred segment can be operated fully and independently after the transfer.
- The specific segment was an independent segment of the seller from the functional and management point of view.
- Separate accounting was used for the segment.
- The buyer can carry out the transferred activity.
- The buyer pays for goodwill.
- The buyer continues the seller's activity (for example, where the portfolio of clients is sold to the buyer).
- The buyer ceases the business activity that forms the subject matter of the transferred segment.
- The buyer is assigned the seller's existing claims.
- The buyer assumes all the seller's accounts payable.

#### Sales of businesses

**Tax on corporate transactions.** A sale of a business is subject to an advance tax of 20% on the gain from that sale, on the higher of the contract price or the minimum deemed value, as calculated in Greek income tax law. This tax must be paid to the appropriate tax authority before the conclusion of the corporate transaction. The gain is added to the seller's income when determining its taxable profits, with credit granted for the 20% advance tax paid (see *Question 4, Corporate tax*).

**VAT.** The sale of the business as a going concern is generally exempt from VAT (see *Question 5*).

**Stamp duty.** Stamp duty applies at 2.4% on the businesses' net asset value for the transfer of a business as a going concern (see *Question 3, Stamp duty*). However, the tax authorities will assess stamp duty on the purchase price, if it is higher than the net asset value.

**Goodwill.** The buyer can amortise goodwill purchased (see *Question 16, Advantages*).

**Sales of separate assets**

**Tax on corporate transactions.** No capital gains tax arises on the sale of separate assets, except in relation to the transfer of rights related to the carrying out of business, such as trade marks and licences. 20% is applied to the capital gain arising from such transfers. The capital gain is equal to the difference between the purchase price and the cost of acquiring the rights, as evidenced in the accounting books. This gain is included as part of the company's taxable profits, with a credit available for the 20% paid.

**Goodwill.** Goodwill is not transferred on the sale of separate assets.

**VAT.** VAT is charged on the sale of inventory, including any assignment of trade marks and authorisations, at the rate of 19%. The purchase price of the inventory must be consistent with the price the seller charges to third parties, based on its price list. The purchase price of trade marks and authorisations is a matter of agreement between the contracting parties.

The purchase of authorisations and trade marks is considered to be an acquisition of capital goods under VAT Law. On acquisitions of capital goods, the adjustment of input VAT is spread over five years, including the year in which the goods were first used.

---

**15. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.**


---

Reliefs, subject to various conditions, are available under tax acquisition legislation, where the acquisition of a business entity forms part of a merger:

- **Legislative Decree 1297/1992.** This decree provides exemptions for stamp duty and transfer tax on real estate, and a deferral of income tax on gains arising from the revaluation of assets (subject to various conditions).
- **Law 2166/1993.** Where this law applies, assets and liabilities are transferred to the new company at book value, meaning that there is no revaluation gain. In addition, there are exemptions for real estate transfer tax, stamp duty and other taxes.

(See Question 20.)

---

**16. Please set out the tax advantages and disadvantages of an asset acquisition for the buyer.**


---

**Advantages**

The tax advantages are:

- VAT is not payable on the acquisition of business as a going concern.
- On the acquisition of business as a going concern, the buyer can amortise goodwill for corporate tax purposes either in one lump sum or in equal instalments over a period not exceeding five years.

- On all asset acquisitions, the buyer will be able to apply depreciation to certain assets.

(See Question 14.)

**Disadvantages**

The acquisition of separate assets may be subject to VAT. Stamp duty is due on the sale of a business as a going concern (see Question 14, *Sales of businesses*). Taxes on disposal of real estate are due on the sale of real estate (see Question 3, *Taxes on disposal of real estate*).

---

**17. Please set out the tax advantages and disadvantages of an asset disposal for the seller.**


---

**Advantages**

Capital gains tax does not apply to the sale of certain individual assets (see Question 14, *Sale of separate assets*).

**Disadvantages**

The sale of a business as a going concern is subject to an advance tax of 20% and stamp duty at a rate of 2.4%.

---

**18. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.**


---

The transaction can be structured as a merger to take advantages of the tax incentives legislation (see Questions 15 and 20).

**LEGAL MERGERS**


---

**19. What taxes are potentially payable on a legal merger?**


---

Greek company law provides for two main methods of merger:

- **Merger by formation of a new company.** This is where two or more companies are wound up, without going into liquidation. All their assets and liabilities are transferred to a company, that they set up, in exchange for the issue of shares in the new company to their shareholders.
- **Merger by absorption.** This is where one or more companies are wound up without going into liquidation. All their assets and liabilities are transferred to the acquiring company in exchange for the issue of shares in the acquiring company to their shareholders.

A merger can incur various transfer taxes and other duties in connection with the assets and liabilities that will be transferred to the new company if it takes place without using incentive legislation (see Question 20). These taxes can include, among other things:

- Real estate transfer tax or transaction duty on the transfer of real estate (see Question 3, *Taxes on disposal of real estate*).

- Corporate tax on any capital gain (see Questions 4, Corporate tax and 14).
- Stamp duty and notary fees on the agreement for transfer (see Question 3).

There is a strong argument that the above taxes should not be payable as legal mergers constitute a general succession of rights and obligations.

---

## 20. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.

---

Mergers in Greece may be undertaken on the basis of special tax incentive legislation.

### Law 2166/1993

The most widely used tax legislation is Law 2166/1993. The entities involved must, to effect a merger or other reconstruction under the law, satisfy the following conditions:

- They have maintained double entry books.
- They have published at least one set of financial statements covering a period of 12 months or more.
- The paid-up capital of the new entity will be at least:
  - EUR300,000 (about US\$450,000) for an AE;
  - EUR146,735 (about US\$220,000) for an EPE.

The main procedural aspects of and tax benefits enjoyed under this law are:

- The merger is concluded by consolidating the assets and liabilities of the companies involved in the merger. The valuation of the assets by the Committee of Experts under Article 9 of Law 2190/1920 is not required, in contrast to mergers under Article 18 of Law 3296/2004 (see below, Article 18 of Law 3296/2004). The Committee of Experts is a department within the Greek Ministry of Development that assesses the value of assets that are contributed to the share capital of Greek AEs and EPEs in kind and not in cash (the Committee does not apply on the sales of businesses). As the Committee of Experts does not undertake a valuation process, no revaluation gain arises and no capital gains tax is due.
- The merging companies may either request the competent tax authorities to perform a tax audit or have the accounting value of the assets confirmed either by a certified auditor or the special Committee of Experts.
- Any increase in capital is subject to a capital concentration tax at the rate of 1% plus duty to the Greek competition authority at the rate of 0.1%.
- The merger agreement and any other additional and supporting agreement, transfer, decision, publication or other actions/documents are exempt from any tax, stamp duty or any contribution.

- The amount of tax losses of the merged companies that exist before the merger can be offset against profits arising at the time of the merger, or carried forward for the following two years.

### Legislative Decree 1297/1972

This decree also provides tax incentives for merger and acquisitions of business entities. It applies until 30 December 2008, unless extended further by subsequent legislation. Its benefits are available on condition that:

- The paid-up capital of the new entity will be at least:
  - EUR300,000 for an AE;
  - EUR146,735 for an EPE.
- In most cases, 75% of the shares of the new entity are not transferable during the five years following the transformation. This does not apply to AEs.

The incentives provided are:

- Exemptions from stamp duty and transfer tax on real estate.
- The deferral of income tax on gains arising from the revaluation of assets at the time of the merger until the dissolution of the company or the distribution of the gains.

### Article 18, Law 3296/2004

This law was enacted to provide incentives for the merger of medium-size enterprises and applies to mergers finalised by 31 December 2008. The following conditions should be met (Article 18):

- The merging companies cannot be AEs.
- The merging companies must be operating at least four years prior to the merger.
- The company arising from the merger must have a share capital of at least:
  - EUR200,000 (about US\$300,000) for an AE;
  - EUR120,000 (about US\$180,000) for an EPE;
  - EUR60,000 (about US\$90,000) for a partnership.

The main procedural aspects and benefits are:

- Reduced rates of corporate income tax, provided that the corporate income tax returns are filed within the filing deadlines:
  - during the first financial year: the corporate income tax rate is reduced by 10%;
  - during the second financial year, the rate is reduced by 5%, subject to certain conditions.
- The contract for the merger of the enterprises, as well as any other agreement, transfer, decision, publication or other actions/documents pursuant to the restructuring is exempt from any tax, stamp duty or any contribution.

- The Committee of Experts of Article 9 of Law 2190/1920 must evaluate the assets and liabilities of the merging companies.
- Tax arising on the revaluation gain is deferred until the new company is liquidated.
- The absorbed (but not absorbing) company will lose the right to carry forward its tax losses.

Any tax exemption or deferral provided under this incentive law is subject to the condition that the company arising from the merger will continue operating for five more years. Any deferred tax resulting from the Committee's resolution will crystallize after the dissolution of the company arising from the merger.

### Mergers Directive

Greek law has implemented the Mergers Directive, as amended. Therefore, gains that arise on mergers, demergers, partial demergers, contribution of assets and exchange of shares between companies established in different EU member states are not subject to tax on share transfer and gains do not form part of the company's taxable income (see *Questions 4, Corporate tax and 10*).

#### 21. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.

The transactions are commonly structured to take advantage of the merger tax incentives (see *Question 20*).

### JOINT VENTURES

#### 22. What taxes are potentially payable on establishing a joint venture company (JVC)?

There are no special rules relating to JVCs in Greece. JVCs are frequently set up either as AEs or as EPEs. The usual expenses are payable on establishment of an AE or EPE (publication fees, notary fees, contributions to the Lawyers Bar Association, and others). In addition:

- Capital concentration tax is imposed on both forms of companies at a rate of 1%, calculated on the share capital of the company.
- AEs must pay a duty to the Competition Committee at 0.1% of the company's share capital.

Contribution of real estate located in Greece to a Greek JVC is subject to real estate transfer tax or transaction duty (see *Question 3, Taxes on disposal of real estate*).

The Greek Code of Books and Records provides for a fiscal entity similar to a joint venture (*kinopraxia*). This is a co-operative entity consisting of natural and legal persons with the sole objective of carrying out one specific project. It is not recognised by law as a separate legal entity but is recognised for tax purposes. It files tax returns, and its taxable profit is subject to income tax at a rate of 25%. Each participant is liable for its tax liabilities. Foreign companies may participate in this joint venture by acquiring a Greek tax identification number.

### THE TAX AUTHORITIES

#### Ministry of Finance

**Contact details.** 10 Karageorgou Servias street  
10184, Athens  
Greece  
**T** +210 3375 000  
**W** [www.mnec.gr](http://www.mnec.gr)

#### Local tax authorities

The contact details vary depending on the locality.

#### 23. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.

Not applicable.

#### 24. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.

There are no specific structures commonly used to minimize the tax burden. If a JVC is formed as the result of a merger, see *Questions 19 to 21*.

### COMPANY REORGANISATIONS

#### 25. What taxes are potentially payable on a company reorganisation?

Company reorganisations have the same tax treatment as mergers (see *Question 19*).

#### 26. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.

See *Question 20*.

#### 27. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.

See *Question 21*.

### DEMERGERS

#### 28. What taxes are potentially payable on a company demerger?

AEs can be demerged either by absorption into other AEs or by incorporation into new companies. Law 2166/93 provides for special tax incentives in cases where an AE is absorbed into another existing AE (see *Question 20, Law 2166/1993*).

If AEs are demerged in other ways, they would not be able to take advantage of the incentive legislation. In that case, the usual taxes on transfers of assets and liabilities would apply (see *Question 14*).

**29. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.**

See *Question 28*.

**30. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.**

See *Question 28*.

## SHARE BUYBACKS

**31. What taxes are potentially payable on a share buyback?**

Not applicable.

**32. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.**

Not applicable.

**33. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.**

Not applicable.

## TREASURY SHARES

**34. What are the tax implications for companies of holding their own shares in treasury?**

Not applicable.

## PRIVATE EQUITY FINANCED TRANSACTIONS: MBO

**35. What taxes are potentially payable on a management buyout (MBO)?**

Not applicable.

**36. Are any exemptions or reliefs available to the liable party? If yes, provide brief details.**

Not applicable.

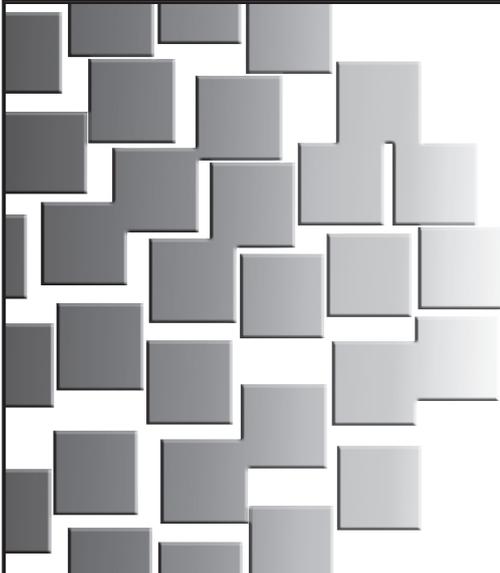
**37. What transaction structures (if any) are commonly used to minimise the tax burden? Give brief details of the effect of each structure.**

Not applicable.

## REFORM

**38. Please summarise any proposals for reform that will impact on the taxation of corporate transactions.**

There are no official government proposals for reform that are likely to have a significant impact on corporate transactions in Greece.



PRACTICAL LAW COMPANY

# PLC Which lawyer?

An online resource based on independent and objective research among in-house counsel and private practitioners. It identifies the leading lawyers and law firms practising in the core areas of business law in over 100 jurisdictions around the world.

[www.practicallaw.com/whichlawyer](http://www.practicallaw.com/whichlawyer)

