Tax Flash

New Tax Bill submission before Parliament

February 2011

The new tax bill was submitted yesterday before Parliament. The most important changes introduced are the following:

- A new framework for combating tax-evasion and reorganising tax audit and tax collection forces is introduced. Moreover, criminal sanctions for tax evasion and non-payment of due debts to the Greek State become stricter etc.
- The concept of a Greek tax resident is expanded significantly.
- The Corporate Income Tax rate applicable as of 1.1.2011 is reduced from 24% to 20%. A 25% withholding tax is introduced on dividends. Such withholding tax effectively exhausts any further tax liability for the shareholder, whilst in some cases a refund right may arise.
- A participation exemption is introduced for dividends derived from EU-based subsidiaries.
- The presumption of non-deductibility for amounts paid to non-cooperative States is no longer absolute, but rebuttable. Moreover, the definition of States with Beneficial Tax Regime is expanded.
- The special Stock Exchange transaction duty imposed on the transfer of listed shares is increased from 1,5‰ to 2‰ 1.4.2011 onwards, whereas the capital gains tax is postponed for shares acquired from 1.1.2012 onwards.
- Reinstatement of tax amnesty provisions for repatriation of foreign capital.
- Amendments in the provisions for the set-off of claims against the State and the clearance certificate for money collection.
- A Tax Arbitration procedure is introduced.
- The payment rate for recourse before the Competent Court is increased from 25% to 50%.
- Certain other amendments are further introduced in all areas of taxation.

An analytical bulletin will follow as soon as the tax bill is adopted by the Parliament.

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This information is intended only as a general update for interested persons and should not be used as a basis for decision making. For further details please contact PwC: 268, Kifissias Avenue 15232 Halandri tel. +30 210 6874400