Tax on Inbound Investment 2022

Contributing editors
Will Smith and Peter North

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Getting The Deal Through

Publisher
Tom Barnes
tom.barnes@lbresearch.com

Subscriptions
Claire Bagnall
claire.bagnall@lbresearch.com

Senior business development manager
Adam Sargent
adam.sargent@gettingthedealthrough.com

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Will Smith and Peter North
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Lexology Getting The Deal Through is delighted to publish the sixteenth edition of *Tax on Inbound Investment*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Chile and Greece.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Will Smith and Peter North of White & Case LLP, for their assistance with this volume.

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Getting The Deal Through

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ACQUISITIONS (FROM THE BUYER'S PERSPECTIVE)

Tax treatment of different acquisitions

1 What are the differences in tax treatment between an acquisition of stock in a company and the acquisition of business assets and liabilities?

For Greek tax purposes, we have to examine three types of transaction. The first is the acquisition of stock in a company, which has no tax impact for the buyer. The buyer will post in its accounts the participation in the company, and it will adjust the value of the participation in the case of future impairment. The second type of transaction is the transfer of assets (on an asset-by-asset basis and not as a whole). These transactions are subject to VAT at the ordinary rate (currently 24 per cent). The third type is the acquisition of a business (business is defined as the complex of assets and liabilities organised as an economic unit that operates the business activity of the seller). This transaction is treated for tax purposes as a transfer of business subject to stamp duty at the rate of 2.4 per cent. The buyer is usually liable for the payment of stamp duty, but the contracting parties (seller–buyer) may agree otherwise.

In all the above three cases, the seller will be liable for income tax calculated on the potential capital gain from the disposal of the shares, assets or business.

Step-up in basis

2 In what circumstances does a purchaser get a step-up in basis in the business assets of the target company? Can goodwill and other intangibles be depreciated for tax purposes in the event of the purchase of those assets, and the purchase of stock in a company owning those assets?

The step-up in business assets entails tax deductions that reduce the tax cost for the buyer. The step-up in basis is provided for under specific tax incentive provisions and it does not apply in all cases of mergers and acquisitions. The depreciation of assets in the case of step-up may decrease the taxable profits or increase the tax losses of a company, resulting in increased available cash for the buyer. In the case of goodwill and other intangibles, such assets are included in the balance sheet of the buyer only upon acquisition of a business or upon merger of legal entities. Goodwill amortisation is deductible for tax purposes only in the case of business acquisition, but not in the context of a merger. In the latter case, goodwill amortisation is deducted for accounting purposes only but not for tax purposes. Other intangibles may be depreciated for tax purposes by their purchaser at the rates provided for in the income tax code. In the case of purchase of stock in a company owning intangible assets, their depreciation for tax purposes relates only to the continuation of the same business activity.

Domicile of acquisition company

3 Is it preferable for an acquisition to be executed by an acquisition company established in or out of your jurisdiction?

It is preferable for the acquisition of stocks in a company to be executed by a company established either in Greece or in the EU. Such a structure provides significant tax benefits in relation to withholding tax on dividends, interest and royalties. In addition, no corporate income tax applies on the transfer of shares between EU group legal entities. The same tax benefits also apply in the case of transfer of business. However, apart from any tax concerns, administration costs and other risks should be also considered.

Company mergers and share exchanges

4 Are company mergers or share exchanges common forms of acquisition?

The type of acquisition depends not only on the applicable tax provisions but also on business considerations. Company mergers are the usual form of acquisition as a merger can be executed under different tax incentive laws, whereas the number of available options for share exchanges is limited.

Tax benefits in issuing stock

5 Is there a tax benefit to the acquirer in issuing stock as consideration rather than cash?

The issuance of stock as consideration instead of cash may be tax-exempted under specific tax incentive laws. In this regard, and depending on the corporate structure that the acquirer considers to apply, cash consideration may not be the most efficient option for tax purposes.

Transaction taxes

6 Are documentary taxes payable on the acquisition of stock or business assets and, if so, what are the rates and who is accountable? Are any other transaction taxes payable?

The sale of shares is not subject to documentary taxes in Greece. These transactions are also VAT-exempt, but the seller has the right to opt for VAT with regard to expenses related to the shares. In the case of listed shares, there is also a transfer tax equal to 0.2 per cent applicable on the transaction value.

Moreover, documentary taxes and, in particular, stamp duty at the rate of 2.4 per cent, apply in the case of transfer of business (business is defined as the complex of assets and liabilities organised as an economic unit that operates the business activity of the seller). The stamp duty is calculated on the net equity of the business (net equity = assets – liabilities). Other expenses such as notary fees, registration fees and so on should also be considered.

The Greek Income Tax Code provides that, in the case of natural persons selling shares, if more than 50 per cent of the value of the shares is attributed to real estate owned by the legal entity, such a sale does not comprise business activity but is subject to income tax. However, this provision has been suspended until the 31 December 2022.

Net operating losses, other tax attributes and insolvency proceedings

7 Are net operating losses, tax credits or other types of deferred tax asset subject to any limitations after a change of control of the target or in any other circumstances? If not, are there techniques for preserving them? Are acquisitions or reorganisations of bankrupt or insolvent companies subject to any special rules or tax regimes?

Net operating losses from business activities in Greece or from the permanent establishment of a Greek legal entity in the EU are carried forward for a period of five years. However, such losses cannot be carried forward in cases where the direct or indirect ownership of a Greek company's capital or voting rights changes within a tax year by more than 33 per cent and the company's activities change by more than 50 per cent of its turnover within the same or the following tax year. Also, any operating loss of the parent entity attributed to the liquidation of its subsidiary is deductible for tax purposes, unless the parent entity is established in Greece and the subsidiary elsewhere.

Interest relief

8 Does an acquisition company get interest relief for borrowings to acquire the target? Are there restrictions on deductibility generally or where the lender is foreign, a related party, or both? In particular, are there capitalisation rules that prevent the pushdown of excessive debt?

The income tax code provides that expenses related to tax-free dividends are deductible for tax purposes. Such expenses also include interest on loans used for the acquisition of legal entities. Apart from this restriction, in general, interest-bearing loans are deductible for tax purposes. However, tax legislation provides for specific restrictions on the deductibility of loans. The first restriction pertains to intragroup loans, which are subject to transfer pricing rules. Should the agreed interest deviate from the market interest (as such interest is assessed based on transfer pricing methods), the financial result of the respective legal entity will be adjusted accordingly to comply with the market rates (the arm's-length principle). Furthermore, interest on loans from third parties, other than banks, is tax deductible only for the amount that would be due if the interest rate was equal to the rate on credit facility revolving accounts to non-financial corporations, as set out in the Bulletin of Conjunctural Indicators of the Bank of Greece for the respective period. Also, the amount of the exceeding borrowing costs is deductible if it does not exceed the amount of €3 million per year. In general, the exceeding borrowing costs are deductible only to the extent that they do not exceed 30 per cent of the company's EBITDA (as calculated by the instructions of the Ministry of Finance). The last restriction pertains to non-cooperative jurisdictions, as interest payable to legal entities established in these countries is not deductible for tax purposes.

Protections for acquisitions

9 What forms of protection are generally sought for stock and business asset acquisitions? How are they documented? How are any payments made following a claim under a warranty or indemnity treated from a tax perspective? Are they subject to withholding taxes or taxable in the hands of the recipient? Is tax indemnity insurance common in your jurisdiction?

As the both the seller and the purchaser seek protection upon the sale of stocks or business assets, various clauses are included in the respective agreements. Such clauses usually include tax warranties on compliance issues (such as the proper and timely filing of tax returns, maintenance of books and records in accordance with the tax legislation and tax risk provisions) or on tax liabilities that may arise in the context of a future tax audit for the years that the company or the business assets were controlled by the seller. Such clauses are usually included in the sale and purchase agreement or the transfer agreement. The deed of tax covenant rarely documents warranties, indemnities and other tax clauses for the protection of the contracting parties. Regardless of the protection form, claims under a warranty or indemnity may be subject to income tax in cases where the amount due exceeds the losses or damages incurred by the respective party.

POST-ACQUISITION PLANNING

Restructuring

10 What post-acquisition restructuring, if any, is typically carried out and why?

Following the completion of the acquisition, post-acquisition restructuring is the most important process aimed at maximising synergies. The management of the surviving legal entity has to structure this process efficiently and in detail to avoid any future implications for the smooth operation of the business. There are four main types of post-acquisition restructuring, namely:

- absorption;
- preservation;
- holding; and
- symbiosis.

Depending on the country in which the surviving and the acquired legal entity are established, the most usual forms of post-acquisition restructuring are absorption, preservation and holding. Where both the surviving and acquired legal entity are established in Greece, the most preferable post-acquisition restructuring is absorption. From a tax point of view, absorption is not time-consuming, a large scale of synergies is feasible and any operating costs are significantly reduced. On the other hand, if the surviving legal entity is established outside Greece, a preservation scheme is usually adapted. Under this scheme, the surviving legal entity consolidates (entirely or partially) the financial results of the related legal entity in Greece and fully controls its management.

Spin-offs

11 Can tax-neutral spin-offs of businesses be executed and, if so, can the net operating losses of the spun-off business be preserved? Is it possible to achieve a spin-off without triggering transfer taxes?

Greek tax legislation provides three main tax regimes under which a tax neutral spin-off can be executed. Only one of these tax regimes provides for the preservation of net operating losses. In particular, the tax incentives laws currently applicable in Greece are the following:

- LD 1297/1972;
- Law 2166/1993; and
- Law 4172/2013.

Each one of these laws provides various incentives and two different accounting methods are adopted.

LD 1297/1972

- The assets of the absorbed company are subject to revaluation by certified auditors resulting, in most cases, in goodwill.
- The surviving legal entities may benefit from the assets' revaluation and calculate depreciation on their increased net value (step-up). In this regard, LD 1297/1972 is usually used by legal entities owning buildings of high value.
- Under LD 1297/1972, the acquisition accounting method applies (former purchase method) and any goodwill deriving from the assets' revaluation is posted in a special account in the books of the company. The law provides for the suspension of goodwill taxation until the dissolution of the transformed legal entity unless such dissolution is performed in the context of a subsequent merger, division or spin-off with another legal entity. In the latter case, no taxation will take place.
- The transfer of real estate is tax-exempted on condition that the contributed real estate property will be used in the business activities of the company for a time period exceeding the five years (commencing from the completion of the merger).
- There is no restriction as to the books of the merging legal entities.
- The minimum share capital of the surviving legal entity should amount to at least €300,000.
- The merger agreement is exempted from taxes, duties and charges in favour of the Greek state.
- Seventy-five per cent of the shares of the new legal entity have to be registered and are not transferrable for a period of five years commencing from the completion of the merger.
- Transactions performed within the time period from the transformation balance sheet date and until the completion of the merger are attributed to the respective legal entity (absorbing and absorbed legal entity).
- Tax-free reserves posted in the books of the merging legal entities are transferred to the books of the new legal entity without any further taxation. Their taxation is suspended for the time period and under the terms and conditions provided by the respective tax incentive law.
- Tax-free reserves deriving from previous years' profits and posted in the books of the merging legal entities are transferred to the books of the new legal entity without any further taxation. Their taxation is suspended for the time period and under the terms and conditions provided by the respective tax incentive law, unless goodwill derives from their valuation.
- No losses can be carried forward by the absorbed legal entity.
- Capital Registration Tax (CRT) is imposed on the share capital increase deriving from the asset revaluation. In this case, the share capital of the absorbed legal entity and any capitalised reserves or profits are not subject to CRT.
- The tax incentives provided by LD 1297/1972 are abolished if the absorbing company is dissolved before the elapse of five years from the completion of the merger. In this case, the goodwill will be subject to income tax at the rate applicable during the year of dissolution.

Law 2166/1993

- The absorbed legal entity has to keep double entry books and should have published financial statements for at least one full accounting year (12 months).
- The minimum share capital of the surviving legal entity should amount to at least €300,000 (when the surviving legal entity is a société anonyme (SA).
- The assets of the absorbed company are not subject to revaluation, since the pooling of interests method applies. However, their accounting values have to be verified by certified auditor(s). In this respect, no goodwill will arise from the accounting values.
- No goodwill arises from the implementation of Law 2166/1993, as the pooling of interests method applies to the merger accounting.
- The transfer of real estate is unconditionally tax exempted, irrespective of the use of the property by the surviving legal entity.
- The merger agreement is exempted from taxes, duties and charges in favour of the Greek state.
- The absorbing or new SA may have common or registered transferrable shares.
- Any transaction performed within the time period from the transformation balance sheet date until the completion of the merger is considered to have been performed by the new legal entity.
- Tax-free reserves posted in the books of the merging legal entities are transferred to the books of the new legal entity without any further taxation. Their taxation is suspended for the time period and under the terms and conditions provided by the respective tax incentive law.
- Tax-free reserves deriving from previous years' profits and posted in the books of the merging legal entities are transferred to the books of the new legal entity without any further taxation. Their taxation is suspended for the time period and under the terms and conditions provided by the respective tax incentive law.
- No losses can be carried forward by the absorbed legal entity.
- No CRT is imposed as the pooling of interests method applies.

Law 4172/2013

The third tax incentive regime is provided by the newly enacted Income Tax Code (ITC, Law 4172/2013). The benefits provided for in article 54 ITC are the following:

- contrary to LD 1297/1972 and Law 2166/1993, the losses of the absorbed company are carried forward by the surviving legal entity (absorbing company);
- there is no taxation on the revaluation arising from the transferred assets;
- there is no taxation on the added value arising from the annulment of the participation of the receiver undertaking to the capital of the transferor undertaking;
- there is no taxation for the partner of the absorbed company on the added value it receives from the merger, except for any part concerning cash consideration; and
- merging legal entities may benefit under ITC on condition that:
    - the merging legal entities are included in Annex I of Directive 2009/133/EC;
    - their registered seat is in the EU; and
    - they are subject to income tax (taxes included in Annex I Part B of Directive 2009/133/EC).

Migration of residence

12 Is it possible to migrate the residence of the acquisition company or target company from your jurisdiction without tax consequences?

The transfer of a company's seat requires that the latter does not enter the stage of dissolution and liquidation, but is transferred to another jurisdiction. In other words, it changes nationality without ceasing to exist. This possibility is especially beneficial when the partners or shareholders of a company wish to obtain presence in another EU member state without following the typical – and possibly time-consuming – process of dissolving and liquidating the existing company and setting up a new company in the country of destination. Sometimes this solution is also preferred for tax purposes, particularly in cases where the company wishes to further pursue its activity in a member state with a more favourable regime.

Greek law provides in principle for the possibility of transferring the seat of a Greek company only for the corporate form of the PC to another state, but does not provide for the opposite (ie, the transfer of a company seat from another state to Greece). In the absence of a legislative provision, the question arises as to both the legality of this alternative and the procedure to be followed. However, the establishment and operation of commercial companies falls within the narrow core of the freedom of establishment provided for in European Union law. In this context, the Greek General Commercial Registry has stated that it cannot refuse the transfer of company seats from an EU member state to Greece.

EU member states cannot impose restrictions on the free establishment of companies in their territory. The Court of Justice of the European Union has affirmed the position that the transfer of seat is permissible (see, among others, *Cartesio*, C-210/06, where a Hungarian company had its headquarters transferred to Italy, and *Daily Mail*, C-81/87, where a British company wished to have its seat transferred to the Netherlands for tax purposes). In fact, the court affirmed that the imposition of restrictions on this possibility may only be justified for imperative reasons of public interest. Such reasons may be, for instance, the prevention of harm to the interests of creditors and employees (see *Polbud*, C-106/16).

However, although the transfer of seat as a change of nationality of a company appears to be established in EU law, it is up to the state of departure and the state of destination to regulate the process through which the transfer takes place, which creates a relative rigidity in completing the transfer of seat.

This lack of appropriate legal tools leading to fragmentation and legal uncertainty is now covered by Directive (EU) 2019/2121 on corporate transformations, which will be transposed in the future into the domestic law of the member states. It regulates, among others, the cross-border conversion, according to which a company is converted to a legal form of the state of destination, transferring at least its registered office to the member state of destination and at the same time retaining its legal personality. In essence, a company will be able to have its registered office transferred to a member state, while being converted to an arrangement of the relevant legislation of the state of destination. The Directive seeks to crystallise the fundamental principle of freedom of establishment and to resolve an issue that has so far remained unregulated and for which fragmentary solutions are provided by the competent national authorities.

Interest and dividend payments

13 Are interest and dividend payments made out of your jurisdiction subject to withholding taxes and, if so, at what rates? Are there domestic exemptions from these withholdings or are they treaty-dependent?

Tax is withheld in Greece on payments effected to foreign tax residents according to the following rates:

- dividends: 5 per cent; and
- interest: 15 per cent.

The rates in the double taxation treaties concluded between Greece and other jurisdictions apply where they are lower than the above rates provided under Greek tax law.

With regard to dividends**,** no withholding tax applies on condition that:

- the receiving legal entity has a participation of at least 10 per cent in the distributing legal entity;
- the minimum holding period is at least 24 months (subject to providing a bank guarantee, in which case the withholding tax does not apply for the interim period up to the completion of 24 months); and
- the receiving legal entity is:
  - included in the forms detailed in Annex I Part A of Directive 2011/96/EU, as in force;
  - tax resident in an EU member state according to the legislation of such state and not considered as tax resident in a third country; and
  - subject, without the option or exemption, to one of the taxes mentioned in Annex I Part B of Directive 2011/96/EU, or to any other tax that may replace them.

A general anti-abuse rule is applicable if the corporate structure aims to avoid the payment of taxes in Greece.

With regard to interest, no withholding tax applies on condition that:

- the receiving legal entity has a participation of at least 25 per cent, on the basis of the value or number, in the share capital, right to profits, or voting rights of the paying taxpayer;
- the minimum shareholding period is at least 24 months (alternatively, a bank guarantee may be provided prior to the completion of the 24-month holding period); and
- the receiving legal entity is:
  - included in the forms detailed in Annex I Part A of Directive 2003/49/EU;
  - tax resident in an EU member state according to the legislation of such state and not considered as tax resident in a third country; and
  - subject, without the option or exemption, to one of the taxes mentioned in Annex I Part B of Directive 2003/49/EU, or to any other tax that will replace those taxes.

It is clarified that the tax exemption for interest payments between associated enterprises in accordance with the provisions of Directive 2003/49/EU (Interest–Royalties Directive) applies equally for payments between Greek companies.

Tax-efficient extraction of profits

14 What other tax-efficient means are adopted for extracting profits from your jurisdiction?

Profits may be extracted from Greece in the form of share capital refund to the shareholder(s). In particular, on condition that the refunded amount does not exceed the value of the shareholders' contributions to the share capital, no withholding tax will apply. Profits may also be extracted as dividends, in which case withholding tax at the rate of 5 per cent will apply (subject to the favourable provisions of the Parent/Subsidiary Directive or the applicable double tax treaty).

Subject to the tax avoidance rules, profits may also be extracted in the form of interest and royalty payments, in which case withholding tax at the rate of 15 per cent and 20 per cent respectively will apply (subject to the favourable provisions of the Interest/Royalties Directive or the applicable double tax treaty).

For domestic companies, the income tax code provides for a tax exemption on condition that the provisions of the Parent/Subsidiary Directive or the provisions of the Interest/Royalties Directive are met.

DISPOSALS (FROM THE SELLER'S PERSPECTIVE)

Disposals

15 How are disposals most commonly carried out - a disposal of the business assets, the stock in the local company or stock in the foreign holding company?

There is no golden rule for the disposal of interest in a legal entity. The sale of interest in the local company is mainly used in cases where the local legal entity is large or very large. In this case, any capital gain from the disposal of stocks is taxed outside Greece, unless the seller is a Greek legal entity.

On the other hand, for medium and small companies, the holding company, apart from the sale of stock, also examines the disposal of business assets or the disposal of business as a whole. The time period for the completion of the disposal, the required administration and tax costs are considered before concluding on the disposal type.

The disposal of stock in a foreign holding company is used mainly in cases where the transfer of stock in a local company or the transfer of business assets may entail tax implications in Greece.

Disposals of stock

16 Where the disposal is of stock in the local company by a non-resident company, will gains on disposal be exempt from tax? Are there special rules dealing with the disposal of stock in real-property, energy and natural-resource companies?

In accordance with the income tax code, as of 1 July 2020, Greek legal persons are exempt from tax on capital gains deriving from the disposal of shares in legal entities that reside in an EU member state if:

- the Greek legal person that sells the shares holds at least 10 per cent of the investment; and
- the holding period is at least 24 months.

The capital gain is not subject to income tax upon capitalisation or distribution. However, expenses related to the shareholding are not deductible for tax purposes.

Potential losses from share transfers are tax deductible provided that:

- a valuation has been effected by 31 December 2019;
- the losses have been posted in the company's accounting books and were reflected in the statutory financial statements audited by the statutory auditors; and
- they will become final by 31 December 2022.

If the losses are lower or higher than the valuation, then the lower amount of the two will be recognised for tax purposes.

Mitigating and deferring tax

17 If a gain is taxable on the disposal either of the shares in the local company or of the business assets by the local company, are there any methods for deferring or mitigating the tax?

In accordance with the income tax code, as of 1 July 2020, Greek legal persons are exempt from tax on capital gains deriving from the disposal of shares in legal entities that reside in an EU member state if:

- the Greek legal person that sells shares holds at least 10 per cent of the investment; and
- the holding period is at least 24 months.

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- they will become final by 31 December 2022.

If the losses are lower or higher than the valuation, then the lower amount of the two will be recognised for tax purposes.

UPDATE AND TRENDS

Key developments of the past year

18 Are there any emerging trends or hot topics in the law of tax on inbound investment?

Law 4768/2021 ratifying the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) was ratified in 2021 by way of Law 4768/2021. The MLI affects double tax treaties in which both contracting jurisdictions are also MLI signatories, and the respective tax treaty is considered as a 'covered tax agreement'.

Greece has adapted the following changes provided for by the MLI in the double tax treaties:

- dispute resolution mechanisms;
- anti-treaty abuse rules; and
- capital gains from the transfer of shares, interest or parts of legal entities of which the value mainly derives from immovable property.

Greece deposited its instrument of ratification to the OECD on 30 March 2021 and the MLI entered into force on 1 July 2021.

Law 4714/2020 transposed into national legislation the provisions of Directive 2018/822/EU, which amended Directive 2011/16/EU, as regards the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (DAC 6). Pursuant to the new provisions, intermediaries and taxpayers are required to file information on reportable cross-border arrangements with the competent authority within 30 days, beginning:

- on the day after the reportable cross-border arrangement is made available for implementation;
- on the day after the reportable cross-border arrangement is ready for implementation; or
- when the first step in the implementation of the reportable cross-border arrangement has been made, whichever occurs first.

In the case of marketable arrangements, intermediaries are required to file a periodic report every three months, providing an update that contains new reportable information that has become available since the last report was filed. The first periodic report must be filed by 30 April 2021. Where there is a multiple reporting obligation, intermediaries are exempt from filing the information if they have proof, in accordance with national law, that the same information has been filed in another member state. Lawyers operating within the limits of Greek legislation are excluded from filing information on a reportable cross-border arrangement where the reporting obligation would breach legal professional privilege. In such circumstances, lawyers are required to notify without delay any other intermediary or, if there is no such intermediary, the relevant taxpayer of their reporting obligations. The general time limit period for reporting cross-border arrangements is

30 days. For reportable cross-border arrangements available for implementation or ready for implementation or for which the first step of implementation has been concluded between 1 July 2020 and 31 December 2020, the 30-day period commences from 1 January 2021. The 30-day period commences from 1 January 2021 for intermediaries that directly or indirectly provide assistance, advice or contribute to cross-border arrangements between 1 July 2020 and 31 December 2020. Intermediaries and taxpayers are obliged to file the required information on cross-border arrangements for which the first step was implemented between 25 June 2018 and 30 June 2020 by 28 February 2021. Marketable arrangements subject to periodic reports should be filed by 30 April 2021. Automatic exchange of information by Greek tax authorities takes place within one month of the end of the quarter that the information was filed. The first information should be communicated by the Greek authorities by 30 April 2021.

Failure to file reportable information results in the imposition of a penalty of €5,000 for legal entities keeping revenues-expenses books and €10,000 for legal entities keeping double-entry books. Failure by an intermediary to notify another intermediary or the taxpayer to file information results in the imposition of a penalty of €5,000 for legal entities keeping revenues-expenses books and €10,000 for legal entities keeping double-entry books. This provision applies only in the event that the intermediary is exempted from filing information because of legal professional privilege. Filing of inaccurate information results in the imposition of a penalty of €2,500 for legal entities keeping revenues-expenses books and €5,000 for legal entities keeping double-entry books. Late filing of information results in the imposition of a penalty of €250, which may be increased up to a maximum of €2,500, for legal entities keeping revenues-expenses books; and €500, which may be increased up to a maximum of €5,000, for legal entities keeping double-entry books. With the exception of the above limits, penalties are capped at 10 times the respective penalty.

BERNITSAS

Fotodotis Malamas
fmalamas@bernitsaslaw.com

5 Lykavittou Street
106 72 Athens
Greece
Tel: + 30210 3615395
www.bernitsaslaw.com

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