

TAX BRIEFING: Alert

Ministerial Circular ΔΕΑΦ Β 1106280/5.8.2015 Provides Clarifications on Intragroup Dividend Payments

The Ministry of Finance issued Ministerial Circular ΔΕΑΦ Β 1106280 on 5th August 2015. This Circular provides further guidelines for the application of Article 48 of Law 4172/2013 (the Greek Income Tax Code) regarding the conditions required in order for intragroup dividend payments to be exempted from income tax.

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Guidelines by the Ministry of Finance on Intragroup Dividend Payments

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In particular, Ministerial Circular ΔΕΑΦ Β 1106280/5.8.2015 provides further guidelines for the application of Article 48 of Law 4172/2013 and Ministerial Circular POL. 1039/26.01.2015 regarding the conditions required in order for intragroup dividend payments to be exempted from income tax.

By virtue of Article 48 par. I, intragroup dividends paid to legal persons with a tax residence in Greece from legal persons with a tax residence in another EU member state are exempted from income tax if, among other conditions, the legal person receiving the dividend holds a minimum 10% participation interest in the distributor of the dividend and such participation interest is held for at least 24 months.

If at the time of the resolution for the distribution of dividends (or in case of partnerships at the time of receipt of dividends by their members) the 24 month condition is not met, the recipient may provide a bank guarantee instead. The bank guarantee can be submitted until the deadline for the submission of the income tax return for the tax year during which the relevant income from dividends was acquired.

Ministerial Circular ΔΕΑΦ Β 1106280/5.8.2015 clarifies that, the submission of a bank guarantee is no longer required where the 24 month period is completed before the deadline for the submission of the legal entity's income tax return (currently 28th August 2015).

This Briefing is intended to provide general information and is not meant to constitute a comprehensive analysis of the matters set out herein or to be relied upon as legal advice. It is not meant to create a lawyer-client relationship. Legal and other professional advice should be sought before applying any of the information in this Briefing to a specific situation.

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