

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

The Ministry of Finance updates the list of non-cooperative countries for 2017 and clarifies provisions on supplementary tax returns.

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A. Updates to List of Non-Cooperative Countries for 2017

The Ministry of Finance issued an updated list of the countries considered to be non-cooperative for 2017. The consequences of performing transactions with residents in these countries are as follows:

1. Payments executed to a tax resident in a preferential tax regime country or a non-cooperative country are non-deductible, unless the Greek taxpayer can provide evidence that the respective expenses correspond to real and ordinary transactions which do not result in the shifting of profits, income or capital aimed at tax avoidance or evasion.
2. Payments made to a tax resident of an EU or EEA country may be deducted if there is a legal basis for the exchange of information between Greece and this country.
3. For the purposes of the Controlled Foreign Companies (CFC) Rules, the non-distributed income of a CFC, subject inter alia to tax in a non-cooperative country or in a country with a preferential tax regime, may be considered as taxable income of the Greek tax resident who controls it.
4. The CFC Rules do not apply to EU tax resident CFCs and EAA

tax resident CFCs (EAA countries with which an agreement for the exchange of information is in force), provided the establishment or the economic activity pursued is not artificial and aimed at the avoidance of the tax due.

The following countries are included in the list of the non-cooperative countries:

1	St. Lucia <i>up to 28/02/2017</i>
2	Antigua and Barbuda
3	Vanuatu
4	Guatemala <i>up to 30/09/2017</i>
5	Grenada
6	Liberia
7	Lebanon <i>up to 31/08/2017</i>
8	Malaysia <i>up to 30/04/2017</i>
9	Bahamas
10	Bahrain
11	Brunei
12	Monaco <i>up to 31/03/2017</i>
13	Cook Islands <i>up to 31/08/2017</i>
14	Marshall Islands <i>up to 31/03/2017</i>
15	Dominica
16	Panama <i>up to 30/06/2017</i>
17	US Virgin Islands
18	FYROM
19	Philippines
20	Hong Kong

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B. Withholding Tax Return on Passive Income – Supplementary (Amending) Tax Return

By way of Circular POL. 1035/2018, the Ministry of Finance clarified that in the event of late filing of withholding tax returns on dividends, royalties and interest aiming to remedy omissions

of the initial withholding tax return, no fine is imposed on the taxpayer.

This favourable provision applies on condition that the initial withholding tax return has been filed within the time limit provided by the Income Tax Code for payments of the same class (category) with those omitted from the return.

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