

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

In This Issue

A. Deductibility of Pension Plan Expenses

B. Grossed Up Interest - Deductible Amount

A. Deductibility of Pension Plan Expenses

The Independent Authority of Public Revenues (ΑΑΔΕ) issued Circular E.2172/2019 providing clarifications with regard to the deductibility of group pension plans.

1. In accordance with this Circular, premiums paid in the context of group pension plan policies by the employee or employer for the account of the employee, are not considered taxable income, even if the insurance company has its seat outside Greece. This exemption also encompasses payments of premiums by non-Greek parent

legal entities and the invoicing of the premium to its Greek subsidiary.

2. Insurance compensation paid to the employee by the insurance company is subject to income tax at the reduced rates of 15% or 20%, depending on whether such compensation is paid in a lump sum or in instalments.

B. Grossed Up Interest - Deductible Amount

1. On the receipt of queries for clarification, the ΑΑΔΕ ruled on the deductibility of interest paid in the context of a loan agreement.
2. In particular, Circular E.2183/2019 of the ΑΑΔΕ stipulates that, in the case of a loan agreement where the interest due is grossed up by the amount of the withholding tax, the deductible amount of interest is the gross amount actually paid to the lender and not the amount net of withholding tax.

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