

TAX ALERT: Monthly Insight

Recent Developments in Tax Legislation

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New Tax Bill Introduces Stamp Duty on Loans and Credit Facilities in Greece

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1. The Ministry of Finance has amended the VAT Code by way of a Bill which overrules the recent Decisions (Nos 2323/2020 and 2163/2020) of the Supreme Administrative Court which ruled that interest bearing loans are subject to VAT and not to Stamp Duty (at the rate of 3.6% or 2.4%).
2. Under the new Bill, the VAT provisions on interest bearing loans and other credit facilities do not exclude the application of Stamp Duty legislation, but are subject to stamp duty in Greece (currently at the rate of 3.6% or 2.4%).
3. The new provision also applies to real estate rentals, to receipts for the payment of premiums for all kinds of insurance and reimbursement of premiums, to receipts for the payment of compensation, to any type of insurance provided to insurance companies, to loans granted by insurance companies on life insurance policies and to acquisitions (RACHATS) of Life insurance policies by insurance companies.
4. The new provision applies retroactively from 1 January 2021 and taxpayers must pay the respective Stamp Duty to the Greek State by 31 October 2022 free of any interest or fine.
5. This unanticipated amendment is expected to generate increased cost and cash flow and tax implications for legal entities and permanent establishments of non-Greek legal entities operating in Greece, as apart from loans, cash-pooling schemes are also treated as credit facilities in Greece.

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