

PANORAMIC

TAX ON INBOUND INVESTMENT

Greece



LEXOLOGY

Tax on Inbound Investment

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Contents

Tax on Inbound Investment

ACQUISITIONS (FROM THE BUYER'S PERSPECTIVE)

- Tax treatment of different acquisitions
- Step-up in basis
- Domicile of acquisition company
- Company mergers and share exchanges
- Tax benefits in issuing stock
- Transaction taxes
- Net operating losses, other tax attributes and insolvency proceedings
- Interest relief
- Protections for acquisitions

POST-ACQUISITION PLANNING

- Restructuring
- Spin-offs
- Migration of residence
- Interest and dividend payments
- Tax-efficient extraction of profits

DISPOSALS (FROM THE SELLER'S PERSPECTIVE)

- Disposal methods
- Disposals of stock
- Mitigating and deferring tax

UPDATE AND TRENDS

- Key developments of the past year

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ACQUISITIONS (FROM THE BUYER'S PERSPECTIVE)

Tax treatment of different acquisitions

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, three types of transactions should be examined.

- Acquisition of stock in a company, which has no tax impact on 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.
- Transfer of assets (on an asset-by-asset basis and not as a whole). These transactions are subject to value-added tax (VAT) at the ordinary rate (currently 24%).
- 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 digital duty on transactions at the rate of 2.4%. The buyer is usually liable for the payment of digital duty on transactions, but the contracting parties (seller and buyer) may agree otherwise. It is important to note that by way of Law 5135/2024 and Law 5177/2024, the stamp duty legislation has been abolished. As of 1 December 2024, the digital duty on transactions is imposed on specific transactions (replacing the stamp duty imposed on specific transactions until 30 November 2024).

In 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.

Law stated - 21 July 2026

Step-up in basis

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 a merger of legal entities. Goodwill amortisation is deductible for tax purposes only in the case of a 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 Law 4172/2013 (the Income Tax Code (ITC)). In the case of the purchase

of stock in a company owning intangible assets, their depreciation for tax purposes relates only to the continuation of the same business activity.

Law stated - 21 July 2026

Domicile of acquisition company

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 European Union. Such a structure provides significant tax benefits in relation to withholding tax on dividends, interest and royalties. In addition, no corporate income tax applies to the transfer of shares between EU group legal entities. The same tax benefits also apply in the case of a transfer of business. However, apart from any tax concerns, administration costs and other risks should also be considered.

Law stated - 21 July 2026

Company mergers and share exchanges

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.

Law stated - 21 July 2026

Tax benefits in issuing stock

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-exempt under specific tax incentive laws. In this regard, and depending on the corporate structure that the acquirer considers applying, cash consideration may not be the most efficient option for tax purposes.

Law stated - 21 July 2026

Transaction taxes

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 0.1% applicable on the transaction value. Moreover, by way of Law 5104/2024, the said transfer tax of 0.1% in the case of lending of shares was abolished.

Moreover, documentary taxes and, in particular, digital duty on transactions at the rate of 2.4%, apply in the case of the 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 digital duty on transactions is calculated on the net equity of the business (net equity: assets minus liabilities). Other expenses such as notary fees, registration fees and so on should also be considered.

The ITC provides that, in the case of natural persons selling shares, if more than 50% 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 31 December 2026.

Law stated - 21 July 2026

Net operating losses, other tax attributes and insolvency proceedings

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 European Union 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% and the company's activities change by more than 50% 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. However, in cases where the Greek parent entity incurs losses from the liquidation of a branch established in another European Union member state, such losses are deductible at the level of the Greek parent entity. The tax credit method applies for the deduction of the losses at the level of the parent entity, to avoid potential double benefit from deducting the losses at the level of the branch and at the level of the parent entity.

Law stated - 21 July 2026

Interest relief

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 ITC 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 were 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 €3 million per year. In general, the exceeding borrowing costs are deductible only to the extent that they do not exceed 30% of the company's earnings before interest, taxes, depreciation and amortisation (as calculated by the instructions of the Ministry of Finance). Moreover, interest expense paid to the parent legal entity by a subsidiary is not deductible for tax purposes as dividends are distributed by the subsidiary to the parent entity free of withholding tax. The last restriction pertains to non-cooperative jurisdictions, as interest payable to legal entities established in these countries is not deductible for tax purposes.

Law stated - 21 July 2026

Protections for acquisitions

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 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.

Law stated - 21 July 2026

POST-ACQUISITION PLANNING

Restructuring

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:

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

Depending on the country in which the surviving and the acquired legal entities 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 adopted. 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.

Law stated - 21 July 2026

Spin-offs

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 or degrouping taxes?

Up to 4 December 2024, the Greek tax legislation provided four main tax regimes under which a tax-neutral spin-off can be executed. In particular, the tax incentives laws applicable in Greece until 4 December 2024 were the following:

- Legislative Decree 1297/1972;
- Law 2166/1993;
- Law 4172/2013 (the Income Tax Code (ITC)); and
- Law 4935/2022.

By way of Law 5162/2024, the first three laws (ie, Legislative Decree 1297/1972, Law 2166/1993 and Law 4172/2013 regarding business transformations) were abolished. Law 5162/2024 introduced new legislation regarding business transformation. This new legislation applies as of 5 December 2024.

By way of Circular E 2088/10.10.2025 the Greek Tax Administration provides guidelines for the implementation of the provisions of of Law 5162/2024 (A' 198) regarding tax incentives for corporate transformations.

Law 5162/2024

A new tax framework is introduced for corporate transformations, in compliance with the corresponding corporate framework (Law 4601/2019) and the EU Tax Merger Directive on the common tax regime for cross-border transformations. The new law encompasses domestic and cross-border corporate transformations. It does not introduce any restrictions regarding the size of the legal entities participating in the transformation or the minimum share capital required for such transformation.

Pursuant to Circular E 2088/2025, the Greek Tax Administration (AADE) clarified that the parallel application of the provisions of Law 5162/2024 and Law 4935/2022, precludes the application of Legislative Decree 1297/1972, Law 2166/1993 and Law 4172/2013. Consequently, the provisions of Law 5162/2024 cover reorganisations for which the relevant draft reorganisation agreement invokes the provisions of Corporate Law 4601/2019 and the provisions of Law 5162/2024, without reference to other provisions of a tax or development nature.

Law 5162/2024 also applies to the contribution of a branch to a legal entity or the exchange of shares between a domestic and a third country (non-EU) company, as well as to the contribution of a sole proprietorship or partnership to an existing or new company.

As regards the valuation of the assets of the companies involved in the transformation or the valuation of the shares or share parts, that should be performed for tax purposes, the following apply.

- In the case of mergers, spin-offs, and conversions, it is provided that the assets and liabilities transferred to the surviving company due to universal succession, such assets and liabilities are recorded in the books of the surviving company at the same tax value they had immediately prior to the transformation in the books of the transferring company. Additionally, for the shareholders or partners of the companies involved in the transformation, it is provided that the shares received from the surviving company will be valued at their market value at the time of the transformation. Therefore, the shareholder or partner is exempt from any capital gains arising from the transformation. Such a capital gains tax exemption does not apply if the shareholder or partner transfers the acquired corporate shares within two years from the completion of the transformation. In the case of transferring the shares within the two-year period, the acquisition cost of the shares is considered the value of the shares prior to the transformation. Any tax exemptions applicable to other shareholders or partners and the companies involved in the merger or spin-off remain unaffected. It is noted that the provision applies regardless of the tax residence of the shareholders or partners, who may be either individuals or legal persons, tax residents of the European Union or third countries. However, the benefits of this provision apply only to domestic tax residents and foreign legal entities with a permanent establishment in Greece.
- In the case of a spin-off of a branch, it is provided that the transferring company will value the shares received from the surviving company at the market value these shares had at the time of the completion of the spin-off. In this case, an exemption for any capital gains arising from the transformation is provided, subject to the same two-year holding period requirement. Finally, in the case of an exchange of corporate

shares, the valuation rule applies to the acquiring company. Moreover, it is provided that the exemption of the transferring company from income tax for any capital gains that may arise from the valuation based on corporate law provisions is final.

Regarding the taxation of the capital gains arising from a merger, spin-off, conversion, or exchange of corporate shares, the neutrality of the transformation is ensured through the exemption from income tax for the surviving company at the time of the merger or spin-off. In other words, the tax obligation of the surviving company is deferred. As regards the shareholders or partners of the companies involved in the transformation, it is provided that they are fully exempted from income tax on capital gains arising at the time of the transformation. Such tax exemption of individuals is final and is not deferred for future taxation.

In the case of an exchange of shares, it is provided that the exemption from income tax at the time of the exchange applies to any capital gains that the shareholder or partner of the acquired company may acquire due to the contribution.

Regarding the surviving company, a potential merger, division, or conversion does not increase the taxable value of the assets transferred to the receiving company or, in the case of a conversion, the assets that remain in the company under its new legal form.

Moreover, the surviving company depreciates the assets received from the contribution at the same tax value (tax base) they had in the contributing company, and according to the rules that would have applied if the transformation had not taken place.

The surviving company may also carry forward tax losses of the contributing company under the same conditions that would have applied to the contributing company if the transformation had not occurred.

In addition, the surviving company has the right to carry forward any reserves and provisions registered by the contributing company, under the same conditions that would have applied to the contributing company if the transformation had not occurred.

Cross-border transformations are in compliance with the EU Tax Merger Directive, for example, either tax exemption or credit of notional tax that would have been paid abroad in the case where the assets contributed include assets located in a third member state (ie, beyond Greece and the member state of establishment of the contributing or receiving company, as applicable).

Special rules are introduced for the tax treatment of the contribution of a sole proprietorship or partnership to a company.

Under the new law, all contracts and acts required to complete the transformations are exempt from any tax, such as capital concentration tax, real estate transfer tax, and the digital duty on transactions. The process is simplified, and the submission of real estate transfer tax declarations is not required. A certificate of Unified Property Tax (ENFIA) is required.

Article 11 of the Council Directive 2009/133/EC (L 310) regarding transparent legal entities is transposed to domestic legislation. Under this provision, the tax liability for income tax lies with shareholders or partners and not the transparent legal entities themselves.

Broader definition of the "branch of activity" required for partial demergers and spin-offs: the entirety of the assets and liabilities of a division of a company or the specific or designated assets along with the corresponding liabilities, that constitute, from an organisational

perspective, an autonomous operation – that is, a unit capable of functioning independently – regardless of whether it generates income from its operations prior to the transformation.

A unified anti-abuse rule against tax avoidance is introduced for the removal of benefits, and it now explicitly covers all tax benefits, including all tax exemptions.

Any and all laws introducing incentives on business transformations are abolished (ie, LD 1297/1972, article 1-4 of Law 2166/1993, Law 2578/1998 on cross-border transformations, article 52-56 of Law 4172/2013, article 61 of Law 4438/2016). However, the abolished tax provisions remain applicable for transformations commenced before the date of publication of the new law (ie, before 5 December 2024).

To determine whether a business transformation has commenced before the application of the new law, the date of the decision of the relevant corporate bodies or the draft agreement required for the initiation of the transformation, is considered. Furthermore, there is the possibility of subjecting transformations for which a decision of the competent corporate body has been published or a draft agreement has been drawn up, to the provisions of this law, provided that the aforementioned decisions or the drafting of the agreements are carried out again after the new law's provisions come into effect.

Coverage under the provisions of Law 5162/2024 entails the granting of benefits relating to both income tax and other taxes.

Law 4935/2022

By way of Law 4935/2022 (Greek Government Gazette Bulletin A 103/26.5.2022) (the Law), the Greek government introduced a new tax incentive law on mergers and acquisitions of very small, small and medium-sized businesses as defined in Commission Regulation (EU) No. 651/2014. The Law provides for the following tax incentives that may apply depending on the type of business combination and on specific economic criteria:

- reduction of the nominal corporate tax rate;
- exemption from capital gains tax in the case of asset sales;
- exemption from stamp duty; and
- tax deduction of expenses related to the acquisition of companies.

In the case of a business combination provided for by Law 4601/2019 (ie, mergers, divisions, partial divisions, spin-offs, contributions of sole proprietorship to a company), the nominal corporate income tax rate is reduced by 30% on condition that:

- the total turnover of the combined companies is equal to or exceeds the average turnover of the past three years of the biggest company participating in the business combination;
- the combined companies are classified as very small, small or medium-sized in accordance with Commission Regulation (EU) No. 651/2014;
- the turnover of the new company is equal to or exceeds the amount of €375,000; and
- the new company employs more than nine people full-time.

In the case of contribution of a sole proprietorship to a company, the nominal corporate income tax rate is reduced by 30% on condition that:

- the contributing sole proprietorship commenced activities at least three years before the date of the contribution;
- the new company keeps double-entry books; and
- in the event of more sole proprietorships, the turnover of the new company is equal to or exceeds the average turnover of the past three years of the biggest company participating in the business combination by 150%.

In the case of cooperation of legal persons:

- the nominal corporate income tax rate of each of the cooperating legal persons is reduced by 30% on condition that each of the cooperating legal persons contributes an amount equal to 10% of its share capital to a new legal entity and the total amount of the share capital is not lower than €125,000; and
- a tax benefit exceeding €125,000 for each of the cooperating legal persons over a period of three years commencing from the date of implementation of the tax benefit cannot be claimed.

The following applies to all combinations under the above-mentioned Law 4935/2022:

- the reduction of the corporate income tax rate by 30% applies for nine years commencing from the year following the year of completion of the combination; and
- the tax benefit cannot exceed the threshold of €500,000 within this nine-year period.

Capital gains arising from the sale of assets, in the context of business combinations, are tax exempt on condition that:

- the turnover of the new company is equal to or exceeds the amount of €375,000;
- the transfer of assets to a third party pertains to items transferred by the combined companies and takes place within a five-year period from the completion of the combination; and
- the total value of the transferred assets of the new company exceeds the threshold of 30% of the average turnover of the past three years of the combined companies.

A stamp duty exemption is provided for cooperation agreements signed in the context of the Law, including the contribution, transfer of assets of the combined companies, decisions of the competent bodies of the combined companies, the participation rate in the companies resulting from the combination, transfers of assets and liabilities or obligations and rights in rem.

Registration of the assets of the combined companies with the land registry incurs €300 in fixed charges payable to the registrar agent. The above actions are fully exempted from other duties, fees or charges.

In the case of the purchase of participation in another legal entity, the related expenses incurred by the acquiring company are fully deducted on condition that:

- the total turnover of the acquired company and of the acquiring company is equal to or exceeds €450,000;
-

the total amount of the expenses deducted does not exceed the threshold of 30% of the average turnover of the acquiring company during the past three years before the purchase of the participation; and

- the above two limitations do not apply in the event that the sole activity of the acquiring company is participation in other companies (ie, it is a holding company) or if it has been established before the lapse of one year from the acquisition date.

Additional tax incentives are provided by the capital registration tax, and where losses are carried forward under Law 2166/1993, Legislative Decree 1297/1972 and the ITC, the following apply.

- Losses carried forward by combined companies under Law 2166/1993 may be transferred to a new company and set off against its profits only to the extent that this is provided for by taxation provisions and on condition that the turnover of the new company (excluding transactions between the combined companies) is equal to or exceeds €450,000.
- The amount of non-deductible losses is depreciated on an annual basis. However, such depreciation is not deductible for tax purposes.
- Losses carried forward by the absorbing company are subject to the time limitations of the ITC (ie, carried forward for a maximum of five years).
- The new company may apply the tax exemptions provided by article 3, paragraph 1 of Law 2166/1993 to the tax year following the date on which the transfer of losses to the new company was completed.
- The combination agreement or any other contract or agreement, the transfer of assets of the combined companies or any other act or agreement related to the transfer or contribution of assets or liabilities or rights in rem or other obligations, the decisions of the competent bodies of the companies, as well as any registration in the Government Gazette, is exempted from capital registration tax on condition that the turnover of the new company (excluding transactions between the combined companies) is equal to or exceeds €450,000.
- Registration of the assets of the combined companies with the land registry incurs €300 in fixed charges payable to the registrar agent. The above actions are fully exempted from other duties, fees or charges.
- A capital registration tax exemption is provided for business combinations defined under Legislative Decree 1297/1972. In particular, the agreement on merger or transformation or transfer of assets of the combined companies or any other act or agreement related to the transfer or contribution of assets or liabilities or rights in rem or other obligations, the decisions of the competent bodies of the companies, as well as any registration in the Government Gazette, is exempted from capital registration tax on condition that the turnover of the new company (excluding transactions between the combined companies) is equal to or exceeds €450,000.
- A capital registration tax exemption is provided for business combinations defined under the ITC. The agreement on merger or transformation or the transfer of assets of the combined companies or any other action or agreement related to the transfer or contribution of assets or liabilities or rights in rem or other obligations, the decisions of the competent bodies of the companies as well as any registration with the General

Commercial Registry, performed under articles 52 to 55 of the ITC is exempted from capital registration tax on condition that the turnover of the new company (excluding transactions between the combined companies) is equal to or exceeds €450,000.

No ministerial circular has been issued up to now for the implementation of Law 4935/2022.

Law stated - 21 July 2026

Migration of residence

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 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 a 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 private company to another state. Still, it 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 fall within the narrow core of the freedom of establishment provided for in EU 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* (Case C-210/06), where a Hungarian company had its headquarters transferred to Italy, and *Daily Mail* (Case 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* (Case 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, transposed into domestic legislation by way of Law 5055/2023 (Government Gazette Bulletin A 161/29.9.2023). 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.

With regard to the tax implications that may arise from the transfer of the residence of a legal entity from Greece to another jurisdiction, the ITC, as amended and in force, provides for the imposition of an exit tax.

In particular, Greece incorporated the provisions of Directive 2016/1164/EU (Anti-Tax Avoidance Directive) regarding exit tax liability into domestic legislation.

The exit tax liability may arise in cases where a legal entity or branch transfers its:

- residence;
- activities; or
- assets to an EU or non-EU country.

Greece does not have the right to tax the transferred assets because of such a transfer. The tax basis (gain) is the difference between the market value of the assets and their value for tax purposes. Such gain is subject to income tax at the rate applicable in the tax year of the exit. The market value may be assessed by:

- independent valuers;
- certified auditors; and
- on the basis of the book value or transfer pricing principles.

Taxpayers who transfer their assets to EU or EEA countries have the right to pay the respective exit tax in five instalments. However, the Greek state may request a guarantee for the deferral of the tax payment. Moreover, tax returns should be filed with the tax authorities at least three days before the exit.

If Greece is the recipient country, the taxpayer will have to accept the value of the assets as assessed by the country of origin.

Law stated - 21 July 2026

Interest and dividend payments

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 made to foreign tax residents according to the following rates:

- dividends: 5%; and
- interest: 15%.

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% 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 (Parent-Subsidiary Directive), 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 the Parent-Subsidiary Directive, 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%, 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/EC (Interest and Royalties Directive);
 - 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 the Interest and Royalties Directive, 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 the Interest and Royalties Directive applies equally for payments between Greek companies.

Law stated - 21 July 2026

Tax-efficient extraction of profits

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

Profits may be extracted from Greece in the form of a share capital refund to the shareholder. In particular, on condition that the refunded amount does not exceed the value of the shareholder's 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% 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% and 20%, respectively, will apply (subject to the favourable provisions of the Interest and Royalties Directive or the applicable double tax treaty).

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

Law stated - 21 July 2026

DISPOSALS (FROM THE SELLER'S PERSPECTIVE)

Disposal methods

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-sized and small companies, the holding company, apart from the sale of stock, also examines the disposal of the business assets or the disposal of business as a whole. The 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.

Law stated - 21 July 2026

Disposals of stock

Where the disposal is of stock in the local company by a non-resident company, will gains on disposal be exempt from tax? Might a disposal of stock in a foreign holding company trigger taxes in the local company in

your jurisdiction? Are there special rules dealing with the disposal of stock in real-property, energy and natural-resource companies?

In accordance with Law 4172/2013 (the Income Tax Code (ITC)), as of 1 January 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% 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 2024.

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

Law stated - 21 July 2026

Mitigating and deferring tax

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 ITC, as of 1 January 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% 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.

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Law stated - 21 July 2026

UPDATE AND TRENDS

Key developments of the past year

Are there any emerging trends or hot topics relating to tax on inbound investment?

The reduction of the rate of the transaction tax on the sale of listed shares and the abolition of the same tax on lending of listed shares, are expected to increase the interest of investors in the Greek stock market. Moreover, the division of companies into two or more separate legal entities attracts more investors interested in specific industries and activities in Greece.

Law stated - 21 July 2026