

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

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A. Taxation of Hybrid Mismatches

1. Article 3 of Law 4949/2022 (the Law) transposed Article 1 par. 5 of Directive 2017/952/EU on hybrid mismatches with third countries into Greek legislation.
2. If one or more related undertakings, as defined in Article 66B of Law 4172/2013 (Income Tax Code - ITC), which are not Greek tax residents:
 - a. have a total direct or indirect interest of 50% or more on the voting rights, capital or profits of a hybrid Greek legal entity; and
 - b. are established in jurisdiction(s) treating the hybrid entity as a taxable person in Greece,then the hybrid entity is considered as Greek tax resident subject to income tax in Greece, to the extent that such income is not otherwise taxed under Greek law or the legislation of any other jurisdiction.
3. The above provision does not apply to collective investment undertakings. For the purposes of this Article, a 'collective investment undertaking' is defined as an investment undertaking or a broad shareholder holding company that holds a diversified portfolio of securities and is governed by an investor's protection regulation in the

country where the undertaking or company is established.

B. Special Tax Regime for Investors Relocating to Greece Under Article 5A of Law 4172/2013

1. Pursuant to Article 52 of the Law, natural persons who are subject to the favourable provisions of Article 5A of the ITC who do not pay the lump sum provided for in Article 5A in full in any tax year, shall cease to be subject to the favourable provisions of Article 5A and from the relevant tax year onwards shall be taxed on their worldwide income under the general provisions of the ITC.
2. In the above case, the total amount of tax payable on foreign income for the relevant tax year may not be less than the amount of €100,000.
3. The amount of tax payable under the legislation on foreign income of that year shall be reduced by the amount of tax paid under Article 5A for the relevant tax year.
4. The reduction in income tax provided for may not exceed the amount of tax payable on income from foreign origins in accordance with the general tax provisions.

C. Reduced VAT Rates on Specific Products and Services

1. The Law further extends the time period for the application of the reduced 13% VAT rate on passenger transport, coffee and non-alcoholic beverages, cinemas, tourist packages and gyms to 31 December 2022.
2. The time period for the super reduced 6% VAT rate provided for personal hygiene and protection products is also extended to 31 December 2022.

D. Extension of Tax Exemption on Donations to Non-Profit Legal Entities

1. The Law extends the suspension of gift tax on donations to non-profit legal entities to 31 December 2022.

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