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Recent developments in international and national taxation: Greece

International tax regulations introduced in Greece

Greece implements global minimum tax rules under Pillar Two
Law 5100/2024, which came into force on 5 April 2024, transposes into Greek legislation Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union. The Greek law follows the contents of the Directive almost identically. It introduces two interlocked rules, the income inclusion rule (IIR) and the undertaxed profit rule (UTPR), designed to bring the effective tax rate of in-scope groups up to the agreed minimum level of tax of 15 per cent through imposition of a so-called 'top-up tax'. In addition, as per an available election under the Directive, the law introduces a domestic top-up tax, generally aimed at jurisdictions benefitting from the top-up tax revenues collected on the low-taxed constituent entities located in their territories (if any).

The law is applicable to constituent entities located in Greece that are members of a multinational enterprise group (MNE) or of a large-scale domestic group which, in its ultimate parent entity's consolidated financial statements, has an annual revenue of €750m or more in at least two of the four fiscal years immediately preceding the tested fiscal year. Governmental entities, international and non-profit organisations, pension funds and certain investment entities as defined in the law are excluded from the scope. Their revenues are however included for purposes of calculating the €750m annual threshold.

The law adopts certain safe harbours introduced through the OECD's Administrative Guidance on Pillar Two. This is aimed, as per the Directive, at ensuring that there can be an election for the top-up tax due by a group in a jurisdiction to be deemed to be zero for a fiscal year if the effective level of taxation of the constituent entities located in that jurisdiction fulfils the conditions of a qualifying international agreement on safe harbours.

The law transposes detailed rules regarding:

- the computation of the effective tax rate and the top-up tax;
- the computation for such purposes of the qualifying income or loss and of the adjusted covered taxes;
- special rules for:
    - corporate restructuring and holding structures;
    - rules regarding tax neutrality and distribution regimes; and
- the administrative provisions and transition rules, including filing obligations.

There is no provision in the law in relation to applicable penalties for infringements and, except as regards the interpretation of safe harbours, there is no reference for application of the administrative guidance developed in the OECD's Global Anti-Base Erosion (GloBE) Implementation Framework.

Greece transposes EU directive adjusting size criteria for undertakings and groups
Law 5164/2024, published on 12 December 2024, transposes into Greek legislation the Commission Delegated Directive (EU) 2023/2775, amending Directive 2013/34/EU, on the adjustment of the size criteria for EU undertakings or groups. In effect, the new law establishes revised monetary size criteria under Greek generally accepted accounting principles (GAAP) in terms of balance sheet total and net turnover figures for micro-, small, medium-sized and large undertakings. It also defines the adjusted quantitative criteria for the classification of group size for consolidation purposes. The definition of 'net turnover' is revised, aiming to provide a more simplified denotation in alignment with the applicable corporate law provisions.

These changes, which apply in respect of financial years starting from 1 January 2024, affect various entity-size driven reporting obligations of Greek businesses and groups. Among others, the new increased size criteria thresholds reduce the application scope of the presentation, audit and publication requirements for financial statements provided by the Greek GAAP framework, but also determine the reporting obligations arising from other regulations, such as the Corporate Sustainability Reporting Directive (CSRD).

Greece adopts a long-awaited FDI regime
On 23 May 2025, the Greek Parliament enacted the pivotal – and long awaited – law 5202/2025 on measures for the implementation of Regulation (EU) 2019/452 (the 'Law'), establishing a comprehensive framework for screening foreign direct investments (FDI) within the EU on the grounds of security or public order. The Law aims to establish a robust national screening mechanism for FDI intended to take place in Greece and/or in other Member States and subject to specific screening criteria, in sectors considered sensitive to national security or public order. It seeks to mitigate potential risks associated with certain foreign direct investments in infrastructure, assets, goods or services necessary in (1) strategic (sensitive) sectors such as energy, transport, health, information and communication technologies, or digital infrastructure, and (2) particularly sensitive sectors including defence and national security, cybersecurity, artificial intelligence, port infrastructure, crucial underwater infrastructure and tourism infrastructure in border areas.

National tax developments in Greece

Stamp duty replacement by the digital transaction duty (DTD Law 5177/2025)
The DTD Law has replaced very old legislation on stamp duty. The major changes introduced in comparison to the prior regime are notably the following:

- the digital transaction duty (DTD) will apply only on transactions restrictively enumerated under the provisions of the Law;
- the duty is levied on transactions, and not on written agreements – as was the case with stamp duty. Uncertainties arise when the law provides for contracts in some cases or for contracts under conditions where the ambit of the law is not clear: ie, whether it intends to tax a contract even if the related transaction is not concluded; and
- DTD Law abolishes the 'territoriality principle' that prevailed under the stamp duty regime, according to which an agreement signed and executed outside Greece remained outside the scope of Greek stamp duty. DTD applies irrespective of the location where the transaction was executed or the contract was concluded, as long as at least one of the transacting parties is a tax resident of Greece or has a permanent

establishment in Greece (if the transaction in question relates to the activity of that permanent establishment in Greece).

The DTD will not apply on transactions that fall within the scope of the provisions of the VAT Code, the Inheritance, Donation, and Parental Gift Tax Code, the Real Estate Transfer Tax, the Capital Concentration Tax, and the Special Banking Tax.

As per the applicable rules to each transaction, the taxable person shall be the party who receives the monetary benefit or is the beneficiary of the transaction. When one of the counterparties is the state or a government entity which will be exempt from stamp duty, then the other party will be the taxable person. The taxable person is also in principle the person liable for the submission of the return and the attribution of the DTD. However, (1) if one party is a foreign tax resident without a permanent establishment in Greece, then the other party becomes liable for the submission of the return and the attribution of the DTD; and (2) if one party is an individual and the other party is a legal entity, then the latter shall be liable for the submission of the return and the attribution of the DTD. The Law also explicitly allows the transacting parties to mutually decide how to allocate this expense without affecting the transaction's value.

DTD will apply on acts, transactions and contracts concluded or executed as of 1 December 2024. Transitional provisions are to be monitored for transactions that may have taken place prior to the entry into force of the DTD Law but have effects or are executed after that.

Reform of rules on business transformations
Greece has long maintained four different tax incentive laws on corporate transformations. For more than three decades, a system of parallel application of different regimes, although offering an opportunity for different tax incentives depending on the type of assets and the desired type of restructuring, had given way to many discrepancies and applicability/interpretative issues. Law 5162/2024 on transformations, (the 'New Law'), was introduced in 2024, aimed at unifying all regimes in a single set of rules that is now harmonised and in alignment with corporate law.

Law 4935/2022 on transformation incentives for SMEs and the special regime of Law 2515/1997 for credit institutions remain in effect, while transformations of real estate investment companies (REICs) are covered by the New Law.

The scope of the New Law covers domestic and cross-border mergers, divisions, partial divisions, spin-offs and legal form conversions (together referred to as 'corporate transformations'), as well as share exchanges. Specifically, as regards spin-offs and share exchanges, the ambit is extended, and a foreign non-EU entity may be involved provided it is a tax resident in a country maintaining in force with Greece a double tax treaty or mutual administrative assistance convention. The New Law provides for tax neutrality on all the above forms of transformations. It also provides the framework for the contribution of a sole proprietorship or a joint venture to another entity, and sets the tax treatment for Greek shareholders in the event of transformations or share exchanges of foreign tax-transparent companies.

The new regime applies to mergers, divisions and similar plans or corporate resolutions for conversions and acquisitions of shares under a share exchange, which are published or republished after the effective date of the New Law (ie, 5 December 2024). Any

transformations published before that date will be governed by the respective repealed regime chosen.

The basic features of the New Law are that:

- there is no step-up of assets transferred;
- it broadens tax neutrality for the contributing and receiving entities; and
- it also clarifies exemption for the shareholders under a minimum holding period of the received shares.

For key definitions, it aligns with corporate law on the transformations to which it refers, thus eliminating the relevant discrepancies of the past. The New Law, as compared to repealed regimes, does not set any strict restrictions in terms of the legal form, years of operation of the transformed entities or minimum capital. In more detail, the basic features that also constitute the main differences from the previous multiple regimes, are as follows:

- valuation requirements should be determined under corporate law on mergers and company law;
- for the recipient entity, there is no increase in the taxable value of assets transferred to it, and any capital gains upon transformation are tax exempt;
- for the shareholder, or the contributing entity under a spin-off, shares acquired are recognised at their fair market value. Capital gains are permanently tax exempt, except for any portion corresponding to cash payment. Shares acquired in a share exchange retain their taxable value prior to the exchange. For tax neutrality to apply, a minimum two-year holding period is introduced for the shares acquired by the shareholder or the contributing entity. Otherwise, for example, in an earlier sale of the shares, their taxable value is equal to the value before the transformation. No such mention is made as regards the share exchanges;
- the permanent tax exemption of capital gains at the level of the shareholders is therefore subject to the minimum holding period;
- an important procedural change is that a tax return is no longer required if real estate assets are among the assets of the transformed entities;
- an amendment is introduced to the definition of the sector for purposes of the partial division or spin-off. In particular, the New Law defines the sector or branch of activity to be the entirety of the assets and liabilities of a division of a company or the designated assets along with the corresponding liabilities, that constitute, from an organisational perspective, an autonomous operation (ie, a unit capable of functioning independently, regardless of whether it generates income from its operations prior to the transformation). This definition is broader than that provided by the EU Tax Merger Directive and corporate law on mergers. However, further clarification is needed through the tax guidelines; and
- exemption from all other taxes applies, while a special anti-avoidance rule is also included in the law.

Expanded intragroup dividend and participation exemptions
Greece has introduced an extended scope of application of the intragroup dividend tax participation exemption and capital gains participation exemption in order to include the receipt of dividends and capital gains from the transfer of shares/titles in non-EU tax resident subsidiaries. This is on condition that the shareholder:

- is a capital entity;
- is not located in a non-cooperative jurisdiction;
- is subject to corporate income tax without the option for exemption; and
- maintains the minimum participation ratio of the PSD – ie, 10 per cent of the capital or voting rights of the Greek entity.

The special anti-abuse rule capturing tax exemption of dividend income is now extended to relevant income stemming from subsidiaries located in third countries.

R&D expenses towards startups, research centres and universities deductible at higher rates
Following the enactment of Law 5162/2024, a series of incentives and tax advantages have been introduced with a focus on development and innovation. R&D expenses paid towards registered startups, and certain research and innovation centres and universities (provided that they are unrelated parties to the recipient of the project or service), are tax deductible increased by 150 per cent, subject to the governmental approval procedure already set out in the Greek Income Tax Code.

Tax exemption for income related to internationally recognised patents
The Greek Income Tax Code provides that an income tax exemption for profits of an enterprise arising from the exploitation of internationally recognised patents on its name was available for three consecutive tax years. By virtue of Law 5162/2024, patent incentives are extended. They now additionally provide that the relevant enterprise may receive a 10 per cent exemption of the payable tax amount corresponding to the aforementioned profits and for the subsequent seven consecutive years, to the extent that the development of the patent can be linked and further substantiated with respective R&D expenses.

Strengthening the capital market legal framework – key changes introduced by Law 5193/2025
Law 5193/2025, published on 11 April 2025, introduced provisions related to the strengthening of capital markets, as well as several crucial tax provisions, among which:

- the withholding tax rate was reduced from 15 per cent to 5 per cent on interest from corporate bonds acquired by individuals who are Greek tax residents, provided the bonds are listed on a trading venue within the EU or a regulated stock exchange outside the EU; and
- a super-deduction of 100 per cent for expenses related to the listing of small, medium, and micro-enterprises on a regulated market in Greece has been introduced, under certain conditions.

VAT and digital tax reporting developments in Greece

VAT in the Digital Age (ViDA)
The EU has introduced Directive 2025/516, known as ViDA, aiming to modernise VAT regulations across the EU. The main points of the Directive include:

- e-invoicing;
- the introduction of a unified European real-time digital reporting system for intra-community transactions;
- simplified procedures for VAT returns;

- abolition of call-off stock arrangements; and
- a reverse charge mechanism extension for B2B transactions from non-established suppliers to registered customers.

Adoption of the measures will be performed by virtue of new legislation to be introduced in each EU Member State. Therefore, legislative amendments are expected in Greece to capture these new requirements.

Implementing Decision (EU) 2025/502 enables Greece's mandatory e-invoicing
Implementing Decision (EU) 2025/502, published on 13 March 2025, allows a specific derogation from Articles 218 and 232 of Directive 2006/112/EC on the common system of VAT. The Council of the European Union has approved mandatory e-invoicing in Greece for all transactions between businesses established in the country, allowing a special deviation from the above provisions. Greece is allowed to implement the mandatory e-invoicing effective from 1 July 2025 to 31 December 2027, with the possibility of an extension if necessary. If a unified European e-invoicing system is implemented before 2027 (such as ViDA regulation), the said deviation for Greece will cease. Implementation guidelines are expected to be released by the Greek Tax Administration for the roll-out of mandatory B2B invoicing.

New submission process of VAT and CIT returns based on myDATA digital reporting
By virtue of Ministerial Decisions A 1020/2024 and A 1045/2025, a new process is established for the submission of VAT and corporate income tax (CIT) returns effective from tax periods staring as of 1 January 2024. These will be pre-populated with the revenue and expenses data uploaded to myDATA platform, as well as with their classification for VAT and CIT purposes, respectively.

For this purpose, a fundamental 'revenue rule' and an 'expense rule' have been introduced, which provide that revenues declared in those returns cannot be less than those reported on the myDATA platform. Accordingly, expenses declared in the said returns cannot exceed those reported on the myDATA platform. Higher amounts of revenues and lower amounts of expenses, respectively, can be reported without any limitation in the relevant returns.

A maximum allowed 30 per cent deviation limit is provided in relation to the above thresholds, which applies per tax period for VAT returns or fiscal year for CIT returns, respectively. Detailed guidance is provided for various codes of the tax returns as well as an alternative transmission method in cases of objective transmission difficulties or correlation discrepancies between the reported data.

Introduction of e-delivery documents for the transportation of goods
By virtue of Decisions A 1122/2024 and A 1123/2024, as in force, a new process for the issuance and transmission of e-delivery documents to myDATA platform as well as the real-time tracking of goods shipments has been introduced. The first decision determines the scope and the timeline of transmission, as well as the implementation framework of the digital issuance of e-transportation documents. The second decision provides the content and format of e-transportation documents, the procedure, the method and the channels of their transmission to the myDATA platform.

The digital reporting of the goods' transportation will be implemented in two phases. The first phase, which concerns taxpayers active in specific business sectors or those whose turnover

exceeds €200,000 based on the FY2022 submitted CIT return, is mandatory as of 2 June 2025. The second phase, which applies to all taxpayers and an extended scope of obligations, becomes effective from 1 December 2025 onwards. Exemptions are provided for certain transportation cases/transactions, while the Greek state and similar public entities should comply with the new requirements as of January 2026.

Penalties are also provided for non-issuance/transmission or late transmission of e-transportation documents' data to the myDATA platform; however, further implementation guidelines are expected to be forthcoming.