

## Physical presence in Greece during lockdown disregarded for tax residence and PE tests

Following the OECD's updated guidance on tax treaties and the impact of the COVID-19 crisis, which was issued on 21 January 2021, the Greek tax administration provided additional guidelines with respect to the application of Greek tax residence and permanent establishment rules in the context of the pandemic.

In particular, with Decision E.2130/2021, the Independent Authority for Public Revenue clarified that the period spanning from **9 November 2020** to **14 May 2021** will, in principle, be disregarded for purposes of assessing:

- the tax residence of non-Greek tax resident employees working from home in Greece due to provisional public health measures, to the extent that it is clear from the facts and the employment contract that the remote working arrangement is only exceptional;
- whether a foreign employer runs a permanent establishment risk, due to employees working from home in Greece; and
- whether the tax residence of a corporate entity lies in Greece, to the extent that the directors are physically present in Greece due to applicable travel restrictions.

As per the earlier guidance, the period from 18 March 2020 to 15 June 2020 should also not be taken into account for purposes of applying the domestic rules on tax residence and the existence of a permanent establishment of the employer in Greece.

Finally, it is clarified that the impact of physical presence in Greece from 15 June 2020 to 9 November 2020 should be examined on a case-by-case basis and in light of the applicable travel restrictions.

Period	Relevance for application of Greek tax residence or permanent establishment rules
Up to 17.3.2020	To be reviewed on a case-by-case basis
18.3.2020-15.6.2020	In principle disregarded
16.6.2020-8.11.2020	To be reviewed on a case-by-case basis
9.11.2020-14.5.2021	In principle disregarded
15.5.2021 onwards	Most likely to be reviewed on a case-by-case basis

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