

Tax Exemption on shipping dividends; clarifications on scope

The Independent Authority for Public Revenue issued a Circular (POL. 1072/04.04.2017) accepting the opinion of the Legal Council of the State (No. 287/2016), which refers to the income tax treatment of dividends earned by Greek tax residents from shipping related activities. Key points are summarized below.

- Dividends distributed by foreign ship owning companies which hold non-Greek flag vessels that are managed by a Law 27/75 Greek office, are exempt from income tax irrespective of the person who has assigned the management of the vessel to the Law 27/75 office.
- It is confirmed that dividends distributed by management companies holding a Law 27/75 office in Greece, do not fall within the scope of the shipping tax exemption; such dividends are considered taxable at the regularly applicable tax rates.
- Dividends distributed by foreign chartering companies corresponding to profits from the exploitation of vessels owned by a third party and managed by a Law 27/75 Greek office are taxable at the regularly applicable rates.
- The opinion of the Legal Council of the State refers to the shipping tax exemption regime that was applicable prior to the introduction of Law 4110/2013. However, the wording of the currently applicable provisions of Law 4110/2013 does not deviate from the previously applicable regime.

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