

## ***Tax Newsletter***

### **Intra-group payment of dividends, interest & royalties; Guidelines on withholding tax exemption (POL 1036/2015)**

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On February 17, 2015, the Greek MoF issued guidelines (Circular POL 1036/2015) on the documentation that Greek enterprises should submit to tax authorities for purposes of supporting that dividends, interest & royalties paid to Greek and EU affiliated enterprises qualify for an exemption from Greek withholding tax. Documentation in question is required for qualifying payments made from January 1, 2014. A transitional period applies until April 30, 2015, allowing for the delayed filing of nil withholding tax returns and relevant documentation, without penalties.

Greek enterprises should revisit their compliance obligations in relation to intragroup payments made from January 1, 2014.

In summary, Ministerial Decision POL 1036/2015 provides the following:

- Greek enterprises performing qualifying intra-group payments are no longer required to submit a chartered auditor's certificate, confirming that the conditions for tax exemption are met. Instead, they should internally prepare a form certifying that the conditions for the tax exemption are met. The form in question should be signed by the paying enterprise and the beneficiary of the payment. A template of the form is set out in the Ministerial Decision.
- The foreign beneficiary should officially declare that it shall submit, upon request, to the Greek enterprise a certificate issued by the competent foreign tax authority, confirming that the conditions for the tax exemption are met (legal form, minimum shareholding participation and holding period etc.)
- The state of tax residence of the foreign beneficiary should be certified by the competent foreign tax authority on the basis of documentation set out in the Ministerial Decision at the time of filing of the nil withholding tax return.
- Supporting documentation should accompany each nil withholding tax return filed with the Greek tax authorities. According to the Decision, nil withholding tax returns for intra-group payments should be filed in hard copy, not electronically.

- The above documentation and relevant filing procedure applies for qualifying payments made from January 1, 2014 and onwards. A transitional period applies until April 30, 2015, during which Greek enterprises, that have already made qualifying payments, should file (or re-file, as the case may be) nil withholding tax returns accompanied by the required documentation, without penalties.

***For further information, please contact us directly***

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