

Greek shipping community enters into new voluntary contribution agreement

On the 27th of February 2019 a new agreement was signed between the Greek Government and the Union of Greek ship-owners which is expected to be ratified by law. The said agreement does not provide for a special (double) tonnage tax, which the signatories have been paying until now. Instead, apart from the standard tonnage tax, a 10% voluntary contribution is agreed to be imposed on shipping dividends imported in Greece. The said contribution is payable by the ultimate individual shareholders/beneficial owners of the ship owning companies, provided that they are Greek tax residents.

The above contribution exhausts any tax obligation with respect to the specific income including the special solidarity contribution ("SSC"). The new agreement is applicable for dividends earned from 01.01.2018 onwards and only to signatories to the agreement (relevant fields have already been set in the E1 income tax form). According to the shipping community, more than 95% of Greek shipowners have signed the new agreement.

In view of the above, the tax treatment of shipping dividends for signatories and non-signatories of the new agreement is as follows:

Greek shipowners	Shipping dividends imported into Greece	Non-imported shipping dividends
Signatories	10% voluntary contribution	No tax obligations
Non-signatories	Up to 10% SSC ¹	Up to 10% SSC ²

The agreement provides that in the event that the total voluntary contribution is less than Euro 40,000,000 in any year, the signatories of the new agreement undertake to pay the remaining amount.

¹ The application of SSC is debatable (please see our Newsletter of 14.05.2018)

² Same as above

Greece transposes EU Directive on disclosure of airline passengers' information

The European directive EE2016/681 for the prevention, detection and prosecution of terrorist offences and serious crime was ratified in early December 2018 (L. 4579/2018). According to the Greek law, air carriers operating air transports to and from the Greek territory within the European Union shall transfer passengers' data to the Greek competent authority established for this purpose (Passenger Information Unit). A Presidential decree will be issued specifying the responsibilities and duties of the new Passenger Information Unit.

Information to be collected and processed by the new Unit includes among others, the name, address and contact details of the passenger, information regarding the booking of the flight and the journey of the passenger including whether he actually boarded the plane or not.

The Passenger Information Unit may exchange information with the prosecuting and judicial authorities, the national intelligence service and anti-money laundering authorities, as well as with the competent authorities of other member states or third countries.

It may not be excluded that information in question may be accessible to tax authorities in the future, upon request.

Dividend tax rate reduced to 10%

A reduction of the currently applicable income tax rate on dividends and other profit distributions from 15% to 10% was recently introduced by virtue of Law 4603/2019. The reduced tax rate is applicable for dividends distributed from 01.01.2019 onwards.

For further information, please contact:

Yerassimos Yannopoulos

Co-Managing Partner

T (+30) 210 69 67 000

E y.yannopoulos@zeya.com

Established in 1893, Zepos & Yannopoulos is one of the leading and largest Law firms in Greece providing comprehensive legal and tax services to companies conducting business in Greece.

280, Kifissias Ave.
152 32 Halandri
Athens, Greece

newsletters@zeya.com
Tel.: (+30) 210 69 67 000
Fax: (+30) 210 69 94 640
www.zeya.com

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