

Greece updated list of non-cooperative jurisdictions

On March 4, 2014, the Greek Ministry of Finance issued its annual list of jurisdictions that are considered non-cooperative as well as a new list of jurisdictions that are deemed to have preferential tax regimes. Certain jurisdictions may appear on both lists.

According to Greece's new income tax code that applies as from 1 January 2014, countries with a preferential tax regime are those with a statutory corporate income tax rate lower than 13% (i.e. 50% of the 26% Greek rate).

The tax consequences of transacting business with a resident of a non-cooperative jurisdiction or a jurisdiction with a preferential tax regime are as follows:

- Payments made to a resident in a non-cooperative jurisdiction or a jurisdiction with a preferential tax regime are nondeductible, unless the Greek taxpayer can demonstrate that the expenses relate to bona fide commercial transactions and do not have a tax avoidance or evasion purpose.
- Dividends received from a subsidiary located in a non-cooperative country do not qualify for benefits under the participation exemption.
- For the purposes of Greece's controlled foreign company rules, the undistributed income of a foreign legal entity will be considered taxable income of a Greek resident that controls the foreign entity if, inter alia, the foreign entity is resident in a non-cooperative country or in a non-EU country that has a preferential tax regime. For EU countries with a preferential tax regime, the CFC rules apply only if the scheme is a wholly artificial arrangement with a tax avoidance or tax evasion purpose.

In total, 33 jurisdictions are included on the list of non-cooperative jurisdictions: Andorra, Antigua & Barbuda, Bahamas, Bahrain, Brunei, Cook Islands, Dominica, FYROM, Grenada, Guatemala, Hong Kong, Jersey, Lebanon, Liberia, Liechtenstein, Malaysia, Marshall Islands, Mauritius, Monaco, Nauru, Netherlands Antilles, Niue, Panama, Philippines, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Samoa, Seychelles, Singapore, US Virgin Islands, Uruguay, Vanuatu.

The following jurisdictions (33) are deemed to have preferential tax regimes: Albania, Andorra, Bahamas, Bahrain, Belize, Bermuda, Bosnia & Herzegovina, British Virgin Islands, Bulgaria, Cayman Islands, Cyprus, FYROM (Macedonia), Gibraltar, Guernsey, Ireland, Isle of Man, Jersey, Liechtenstein, Macao, Marshall Islands, Montserrat, Monaco, Montenegro, Nauru, Oman, Paraguay, Qatar, San Marino, Saudi Arabia, Seychelles, Turks & Caicos, United Arab Emirates, Vanuatu.

AVRAMOPOULOS & PARTNERS Law Firm
70 Panormou str., 115 23 Athens, Greece
Tel.: +30210 - 69 12 200, Fax: +30210 - 69 11 211
URL: <http://www.avramopoulos.com>, E-mail: info@avralaw.gr

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Avramopoulos & Partners

For further information please contact:

Vassilis D. Avramopoulos

Avramopoulos & Partners Law Firm

Email: v.avramopoulos@avralaw.gr

Tel.: +30 210 6912200

Fax: +30 210 6911211

www.avramopoulos.com