

IN-DEPTH

Mergers & Acquisitions

GREECE

A decorative graphic consisting of a series of concentric, semi-circular arcs in a light purple color, originating from a central point on the right side of the page and fanning out towards the left and bottom edges.

LEXOLOGY

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In-Depth: Mergers & Acquisitions (formerly The Mergers & Acquisitions Review) provides a practical overview of global M&A activity and the legal and regulatory frameworks governing M&A transactions in major jurisdictions worldwide. With a focus on recent developments and trends, it examines key issues including relevant competition, tax and employment law considerations; financing; due diligence; and much more.

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Explore on **Lexology** 

Greece

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Introduction

The strengthening macroeconomic landscape in Greece, characterised by GDP growth, decreasing unemployment and heightened foreign direct investment, is fostering an attractive environment for mergers and acquisitions (M&A) activity. As the economy stabilises and business confidence grows, more companies are considering M&A as a strategic avenue for expansion. Additionally, ongoing privatisation initiatives and infrastructure projects in sectors such as energy and tourism are further boosting M&A activity in Greece.

Year in review

Overview of mergers and acquisition activity

M&A in Greece keep growing, reflecting significant market growth and business consolidation. This has been noticed in most market sectors, including non-traditional ones, and the market is booming in many aspects. This positive trend seems to be supported by the strategy and implementation plans of key players in the market, and these market expectations have created optimism about the medium term.

Developments in corporate and takeover law and their impact

Following the legislative initiative in 2018, in combination with Law 4601/2019 (on business transformations), a modern and more attractive framework has been established for Greek companies. The corporate governance law (Law 4706/2020) is also a modern tool, primarily for listed companies, and expected to strengthen the Greek stock market.

Indeed, requests from the business community concern more important measures that need to be taken to increase the competitiveness of Greek enterprises in their daily operations, such as fast-track permit procedures.

Moreover, the current Development Law 'Greece Strong Growth' provides important and modern forms of investments for 13 new aid schemes, allowing investors to plan, grow and implement initiatives, covering a wide range of sectors of the Greek economy, and offers incentives to certain business activities and sectors. Moreover, it introduces mechanisms and guidelines aiming to speed up procedures regarding the evaluation, approval, control and certification of the investment plans. The government is already considering the adoption of a new Development Law, which is probably expected to pass towards the end of 2024.

Legal framework

The Greek M&A legal framework is mainly composed of the following:

1. Law 4548/2018, on public limited companies;^[2]
2. Law 4601/2019 (corporate provisions for business transformations);
3. Law 4172/2013 (tax incentives for business transformations);
4. Law 2166/1993 (tax and other incentives for business transformations (e.g., merger, split and spin-off));
5. Law 1297/1972 (tax incentives for business transformations);
6. Law 3049/2002 on privatisations, and Law 3985/2011 and Law 3986/2011 on the Privatisation Fund;
7. Law 3864/2010 on the Hellenic Financial Stability Fund;
8. Law 3777/2009 on cross-border mergers of limited liability companies (implementation of Directive 2005/56/EC);
9. Law 3401/2005 on prospectuses in the case of public offers of securities (implementation of Directive 2003/71/EC), which was amended by Law 4374/2016 (adopting EU Directives 2013/50 and 2014/51);
10. Law 3461/2006 on public takeovers (implementation of Directive 2004/25/EC);
11. the Athens Stock Exchange Regulation;
12. Law 4706/2020 (corporate governance rules for listed companies);
13. Law 3959/2011 on Greek merger control provisions; and
14. Law 4887/2022, the Development Law 'Greece Strong Growth'.

Foreign involvement in M&A transactions

A significant trend in the Greek M&A market is the rising interest from foreign investors. Greece's advantageous location, skilled labour force and improving business climate are drawing international buyers eager to leverage the country's growth potential. Furthermore, there is a noticeable uptick in cross-border transactions as Greek firms look for opportunities outside their home market.

Significant transactions, key trends and hot industries

During the past 12 months, the banking sector has been in the spotlight. Since October 2023, the Hellenic Financial Stability Fund (HFSF) has divested its stakes in Eurobank Ergasias Services and Holdings, Alpha Bank and Piraeus Bank, and in the last quarter of 2024 the Greek government is proceeding with the sale of a further 10 per cent of the National Bank of Greece in a move to further privatise the banking sector. At the same time, another deal was closed involving the merger of Attica Bank, Greece's fifth-largest lender, with the smaller Pancretan Bank, in an effort to clean up its balance sheet and create a new banking organisation. The agreement was part of a wider reprivatization of Greek banks

bailed out during a decade-long debt crisis and, thus, the 72.5 per cent stake of HFSF in Attica Bank will be reduced post-merger to 35 per cent in the new entity.

The real estate and hotel sector still remain at the forefront of activity in the Greek market, not only through luxury and ultra-luxury new developments, but also through debt restructuring and further acquisitions of distressed hotels.

The energy market, notably in terms of renewable energy sources projects, remains at the forefront of M&A activity also this year. In addition, the commencement of operation of LNG Alexandroupolis Terminal has been confirmed for 1 October 2024 and this marks the completion of a prominent project contributing to energy security and to diversification of sources and energy supply routes for south-east and central Europe.

Financing of m&a: main sources and developments

As far as mergers are concerned, there is no practical need for financing because they are implemented through an exchange of shares. Acquisitions can either involve an exchange of shares, which was the case in several past deals, especially in the banking sector, or a cash consideration, in which case financing is required. Such financing normally takes the form of one of the two following alternatives:

1. self-funding by the shareholders of the acquiring company: the procedures for an increase in share capital are rather formal, as per the EU directives, especially when made in cash. A main point of interest is the price offered for the new shares to be issued, which cannot be less than market value, because this is linked with the valuation of the company and determines the balance between shareholders; or
2. bank financing, which can either be in the form of a classic bank loan or that of a bond loan (common or convertible) issued by the company: experience shows a tendency in favour of bond loans because of their favourable tax and other treatment, as well as because of the easy transfer of bond titles, if needed. Contrary to the recent past, the severe financial situation has heavily affected and practically eliminated bank financing for M&A.

In intra-group financing, attention should be paid to the applicable provisions of Law 4548/2018 regarding related party agreements. In any case, one must also be cautious about the arm's-length principle, in accordance with transfer pricing rules.

Employment law

In 2023 major changes in labour law occurred following Law 5053/2023 (Strengthening work – incorporation of Directive 2019/1152/EU) coming into force. The most important regulations established in the provisions of the law are summarised briefly as follows.

Article 4: trial/probation period

It is provided that the employer and employee may agree, upon entering into an indefinite or fixed-term employment contract, on a trial period of up to six months, during which the contract or employment relationship is on probation.

During the trial period, all protective provisions applicable to the employee's employment contract or dependent employment relationship remain in effect, particularly regarding working hours, leave, health and safety protection, and protection against dismissal.

In the case of dismissal, if the termination of the contract occurs within 12 months from the start of employment, the process can take place without notice, and no severance is paid (Article 19 of the law).

Articles 5-8: notification of employment terms - provision of information to employees

Presidential Decree 156/1994 regarding the obligation to inform employees about their terms of employment has been amended, and the list of essential information that employers must provide to employees has been expanded, while the deadline for providing this information has been shortened.

If any changes occur to the terms of employment, the employer must notify the employee as soon as possible and no later than the day on which the changes come into effect.

The terms of the individual employment contract must now be submitted electronically to the ERGANI information system.

Finally, there is a requirement to provide additional information for employees working abroad (Article 8).

Article 9: parallel employment

As of the date the law entered into force (26 September 2024), employment with more than one employer is permitted, provided the restrictions of Presidential Decree 88/1999 are taken into account: 'Ensuring a minimum of 11 hours of daily rest, while also adhering to the weekly working hours of employees, which cannot exceed an average of 48 hours over a period of no more than four months, including overtime.'

It is not permitted to include in the employment contract agreements or clauses that prohibit the employee from providing work to other employers outside the working hours agreed with a specific employer.

Exceptions include clauses, etc., that may be justified by objective reasons (e.g., health and safety, protection of business confidentiality, work in competing businesses or avoidance of conflicts of interest).

Article 12: mandatory training

If the applicable labour legislation imposes an obligation on the employer to provide training to the employee for the performance of the agreed work, this training is provided free of charge to the employee, is counted as working time, and takes place within the contractual working hours, if possible.

Article 17: protection from dismissal and burden of proof

If the termination of the contract is made in response to the exercise of a legal right of the employee, as provided by Articles 1A, 69 to 74B, 182A, and 189 of the Code of Individual Labour Law, it is invalid.

Employees who believe that the termination of their contract by the employer is for this reason may request the employer to disclose the reasons for the dismissal, and the employer is obliged to respond in writing and with documentation.

Article 19: termination of an indefinite-term employment contract without notice and without severance compensation

Employment under an indefinite-term contract can be terminated without notice and without severance compensation during the first 12 months from the effective date, unless otherwise agreed by the parties. The 12-month period includes any agreed probationary period.

Article 25: regulations for employment on the sixth day in businesses or operations with continuous operation that apply a five-day working week

In such businesses, employment on the sixth day of the week may be permitted, provided that the employer registers this employment form in the ERGANI II Information System before the start of the employee's work.

Employment on this additional day cannot exceed eight hours and is compensated with one day's wages, increased by 40 per cent. Overtime and extra hours are not allowed for the employee on this sixth day.

This provision does not apply to hotel and food service businesses.

Article 26: regulations for employment on the sixth day in businesses or operations that are not inherently of continuous operation and apply a five-day working week

In cases of businesses or operations that are not inherently of continuous operation but can operate from Monday to Saturday, 24 hours a day, with a system of rotating shifts, and where employees are employed under a five-day working week, employment on the sixth day of the week is allowed in exceptional cases where the business experiences an unexpectedly high workload. This is permitted provided that the employer registers this employment in the ERGANI II Information System before the employee starts work.

This employment is compensated with one day's wages, increased by 40 per cent.

In all other respects, the provisions of Article 25 apply.

Article 27: possibility of employing employees on Sundays and public holidays

This provision expands the types of businesses/operations allowed to work on Sundays or public holidays, subject to the working system they apply (i.e., a five-day or six-day working week) (addition to paragraph 1 of Article 200 of the Code of Individual Labour Law).

Article 28: possibility of agreeing on the arrangement of working time between the employer and the employee

With this provision, a request from the employee is no longer required when there is no trade union or if an agreement with the employer on the arrangement of working time is not achieved. However, a written agreement between the parties (employer–employee) is required (amendment of paragraph 6 of Article 192 of the Code of Individual Labour Law).

Article 31: protection of the right to work

Anyone who:

1. obstructs in any way the free and unobstructed entry or exit of employees from the workplace who are not participating in a strike and wish to work, or the provision of work by these employees, or
2. uses physical violence or threats of physical violence or any other illegal act or omission against them to coerce them into participating in the strike, or
3. participates in the occupation of workplaces or their entrances during a strike or regardless of it,

is punished with imprisonment for at least six months and a monetary fine, unless the act is punished more severely by another provision. Repeated commission of the criminal act constitutes an aggravating circumstance.

Article 32: protection of employees in cases of natural and technological disasters and extreme weather events

In the case of natural or technological disasters or extreme weather events, for which emergency measures are taken by the competent authorities, especially measures concerning mandatory evacuation or preventive relocation of citizens from specific areas, employers of businesses operating in these areas are required to comply with these measures. In the event of a violation of this obligation, the penalties specified in Articles 24 and 28 of Law 3996/2011 are imposed.

Article 33: compensation for prior experience in the private sector and adjustment of employee wages

With this provision, from 1 January 2024, the suspension imposed by Article 4 of Ministerial Council Act 6/28 February 2012 has been abolished.

For employees who are paid the minimum legal wage or daily wage, prior service time is recognised as the duration of dependent employment or work relationship that has been

completed with any employer and in any occupation before 14 February 2012 and after 1 January 2024.

Tax law

In recent years, Greece has undertaken significant reforms to modernise and align its tax and accounting frameworks with international standards. A pivotal moment in this process was the comprehensive overhaul of the Code of Income Taxation (CIT), which came into effect on 1 January 2014. This reform marked the beginning of a series of legislative changes aimed at enhancing the efficiency, transparency and compliance of the Greek tax system.

On 1 January 2015, further significant progress was made with the abolition of the Code of Transactions Tax Reporting and the existing Greek accounting legislation. This move facilitated the adoption of the Greek Accounting Standards (Law 4308/2014), which brought national accounting practices into greater harmony with the international accounting framework. The alignment of these standards underscores Greece's commitment to ensuring that its financial reporting and taxation practices meet global expectations.

In 2023, the legislative landscape continued to evolve with the enactment of Law 5073/2023, introducing a presumptive taxation scheme for self-employed individuals. This scheme represents a shift towards simplifying the tax obligations of self-employed persons, providing a more predictable and streamlined approach to taxation for this segment of taxpayers.

Further refining the fiscal framework, a new Code of Fiscal Procedure came into force on 19 April 2024. Although it primarily introduced minor adjustments, the updated Code reinforces the legislative foundation governing tax procedures in Greece.

The most important tax issues are outlined below.

Transfers of shares

As of 1 January 2014, Greece introduced a specific capital gains tax applicable to the transfer of shares in non-listed companies. Under Articles 42 and 43 CIT, a 15 per cent tax is levied on any capital gain realised by an individual from such transfers. For legal entities, the capital gain is added to the gross income and subjected to the applicable tax rates on business income, which has been set at 22 per cent for fiscal years beginning in 2021 and thereafter. For the calculation of the capital gain, the acquisition cost is deducted from the price.

The aforementioned tax is also imposed on the transfer of shares of listed companies provided that the following conditions are cumulatively met: the transferor must hold a minimum participation of 0.5 per cent in the company's share capital, and the shares being transferred must have been acquired after 1 January 2009. In addition to capital gains tax, such transactions are also subject to a separate stock market transaction tax.

Furthermore, from 1 July 2020, the Greek tax legislation introduced an exemption from capital gains tax for companies on the disposal of participations held in a legal entity. This exemption is available provided that the conditions stipulated in Directive 2011/96/EU, the Parent–Subsidiary Directive, are satisfied. This provision aligns Greek tax law with EU directives, promoting tax efficiency and eliminating double taxation on corporate income.

Corporate income tax rate

The corporate income tax rate for public limited companies, limited liability companies, private capital companies, Greek branches of foreign corporations and, more broadly, any entity maintaining double-entry accounting books – excluding credit institutions subject to special tax rates – has been progressively reduced. As stipulated in Article 58, Paragraph 1 CIT, the rate has been set at 22 per cent for fiscal years beginning in 2021 and thereafter. This reduction reflects ongoing efforts to enhance the competitiveness of Greece's corporate tax environment.

Taxation of dividends

For profits distributed from 1 January 2020 onwards, a withholding tax of 5 per cent is applicable on dividends. Withholding of the aforementioned tax exhausts the tax liability, provided that the taxpayer is an individual (Article 36, Paragraph 2 CIT) or a legal entity that is not a Greek resident and does not have a permanent establishment in Greece (Article 64, Paragraph 3 CIT). Under specific conditions outlined in Article 63 CIT, which incorporates the provisions of Directive 2011/96/EC, intra-group dividends may be exempt from withholding tax entirely.

Dividends distributed to Greek legal entities or to legal entities with a permanent establishment in Greece are similarly subject to a 5 per cent withholding tax, although an exemption may apply for intra-group dividends if the conditions specified in Article 63 CIT are met. In these cases, the income from dividends is added to the entity's annual gross income and taxed as profit at the rate of 22 per cent, applicable from fiscal years beginning in 2021. The tax withheld on the dividends can be credited against the overall tax liability.

Pursuant to Article 48 CIT, intra-group dividends received by a legal entity that is a tax resident of Greece are totally exempt from tax, provided that:

1. the recipient holds a minimum participation of at least 10 per cent of the value or number of the share capital, core capital or voting rights of the legal entity that makes the distribution of profits;
2. the aforementioned minimum participation is held for at least 24 months; and
3. the legal entity that makes the distribution of profits:
 - has a legal status that is included in the list of Directive 2011/96/EC;
 - is a tax resident of an EU Member State, in accordance with the laws of that state, and may not be considered as a tax resident of a third country (non-EU Member State) by virtue of the double taxation treaty that has been signed with that third country; and
 - is subject to one of the taxes listed in EU Directive 2011/96/EC.

In such cases, dividends received by the legal entity must form a tax-free reserve until they are further distributed to the entity's shareholders.

In accordance with Directives 2014/86/EC and 2015/121/EC, intra-group dividends are exempt from taxation provided that the corresponding dividends have not been deducted by the subsidiary. This provision ensures that the exemption applies only when the dividends are taxed at the level of the distributing entity, thereby preventing the risk of double non-taxation within the group structure.

Furthermore, the exemptions provided under Articles 48 and 63 CIT are subject to limitations in cases where it is determined that a non-genuine arrangement exists. A non-genuine arrangement is defined as one that has not been established for valid commercial reasons reflecting the economic reality, but rather is intended primarily to obtain a tax advantage. In such cases, the tax authorities may disregard the exemptions, thereby ensuring that the tax benefits are only available to transactions that are substantiated by genuine economic activity.

This framework aligns with the broader EU objectives of preventing tax avoidance and ensuring that tax benefits are granted only in circumstances that reflect real economic substance.

Transfer pricing

The recent amendments to CIT and the Code of Fiscal Procedure in Greece introduce notable changes in the area of transfer pricing (TP). These changes reflect an alignment with international standards and provide specific obligations for taxpayers engaged in intra-group transactions.

Under the new legal framework, taxpayers can enter into an advanced pricing agreement with the Ministry of Finance. This agreement, established under the provisions of Law 4714/2020, can be retroactively applied to previous fiscal years, offering a proactive method for ensuring compliance with the arm's-length principle.

Taxpayers involved in intra-group transactions that exceed certain thresholds specified in the legislation must meet two primary obligations:

1. **Transfer Pricing Report:** taxpayers are required to prepare a TP report documenting their intra-group transactions. This report must be prepared by the deadline for submitting the annual tax return. Although the report is not automatically submitted to the tax authorities, it must be made available upon request and provided within 30 days of such a request.
2. **Summary Information Table:** alongside the TP report, taxpayers must also file a summary information table within the same deadline as the annual tax return. This table provides a concise overview of the intra-group transactions.

TP legislation provides serious penalties for the violation of the arm's-length principle and for the failure to comply with the above obligations. There are also new penalties provided for the inadequacy, inaccuracy or late submission of the summary information table and the TP report. Greek TP legislation specifically refers to the OECD Transfer

Pricing Guidelines for the documentation of intra-group transactions (Article 50, Paragraph 2 CIT). Regarding the previous years, Greek tax authorities have adopted the relevant OECD Guidance on the transfer pricing implications of the covid-19 pandemic (Circular E. 2054/2021).

Losses

In accordance with the new CIT, losses incurred abroad cannot be used against profits of the same tax year or against future profits unless there is income that derives from other EU or EEA Member States and there is no provision in a double taxation treaty that provides a tax exemption for it. A circular issued by the Ministry of Finance mandates that losses incurred abroad must be monitored on a per-country basis. These losses may only be used to offset future profits from the same country. Furthermore, before any such losses can be deducted in Greece, a Greek entity must first demonstrate to the Greek tax authorities that it has made every possible effort to deduct these losses abroad and has been unsuccessful in doing so.

The new CIT provisions also impose restrictions on the transfer of losses when there is a significant change in ownership. Specifically, if during a fiscal year, there is a direct or indirect change in ownership of more than 33 per cent of the company's share capital or voting rights, the ability to transfer losses from that fiscal year or the previous five years ceases, unless the company can prove that the ownership change was made solely for commercial or business purposes and not for the purposes of tax avoidance or evasion.

Notably, for a merger or division, the recipient company may transfer the losses of the transferring company (under the same conditions, which would apply to the transferring company if the merger or division had not taken place), as long as both the recipient and the transferring company:

1. are included in the list cited in Annex I, Part A of Directive 2009/133/EC, as amended;
2. hold a tax residence in an EU Member State (in accordance with the legislation of that Member State) and may not be considered as tax resident of a third Member State outside the EU (pursuant to the terms of a double taxation convention concluded with that third Member State); and
3. are subject, without the possibility of option or exemption, to one of the taxes listed in Annex I, Part B to Directive 2009/133/EC or to any other tax that may in the future replace one of those taxes.

These provisions reflect a rigorous approach by Greek tax authorities to ensure compliance and prevent the misuse of loss carry-forwards, especially in cross-border contexts. The rules are designed to maintain the integrity of the tax system while aligning with EU directives and international standards.

Deductibility of interest – thin capitalisation rules

According to the CIT, borrowing costs are not recognised as deductible business expenses to the extent that the surplus of the interest expenses against income from interest exceeds a rate of 30 per cent of taxable profits before interest, taxes, depreciation and

amortisation (EBITDA). The term 'borrowing costs' includes, apart from interest on loans, other costs economically equivalent to interest and expenses incurred in connection with the raising of finance, as well as the finance cost element of finance lease payments and the capitalised interest included in the balance sheet value of a related asset. The deductibility threshold for interest expenses has been gradually reduced over previous fiscal years, reflecting a tightening of these regulations.

Despite this, interest expenses are recognised as fully deductible up to a net amount of €3 million per year. Any interest expenses that exceed this threshold and are not deductible under the 30 per cent EBITDA rule may be carried forward indefinitely, without any time limitation, and deducted in future tax years. These restrictions do not apply to credit institutions, leasing companies or factoring companies, which are exempt from the aforementioned limitations.

Exit tax rules (incorporation of ATAD 2)

Law 4714/2020 in Greece incorporates Article 5 of Directive 2016/1164/EU, introducing an exit tax applicable in several specific scenarios where assets or business activities are transferred out of Greece. The exit tax is triggered in the following circumstances:

1. transfer of assets from the head office of the taxpayer in Greece to a permanent establishment in another Member State or third country;
2. transfer of assets from a permanent establishment in Greece to a head office or another permanent establishment in another Member State or third country;
3. transfer of the taxpayer's tax residence from Greece to another Member State or to a third country, apart from those assets that remain effectively connected with the permanent establishment in Greece; and
4. transfer of the business carried on by a permanent establishment in Greece to another Member State or to a third country.

The exit tax is calculated based on the market value of the assets at the time of their exit, minus their tax value. The payment of this tax fully satisfies any income tax liability of the taxpayer, as well as that of its partners, shareholders, and members, concerning the transfer of these assets.

The exit tax is generally required to be paid in a lump sum through the submission of a tax return, which must be filed three days before the exit of the assets occurs. However, under specific conditions, taxpayers may opt to defer payment, spreading it out over five equal annual instalments.

Automatic exchange of information on reportable cross-border arrangements (incorporation of DAC 6)

Law 4714/2020 incorporated Council Directive 2018/822/EU, introducing mandatory disclosure rules for intermediaries and, in certain cases, taxpayers with regards to reportable cross-border arrangements. The new rules apply in Greece as of 1 July 2020.

Any reportable arrangement should be reported to the tax authorities within 30 days of the arrangement being made available or ready for implementation, or after the first step in the implementation has been made (whichever happens first). Failure to comply with the reporting obligations incurs penalties defined by the law. Lawyers are exempted from reporting obligations owing to legal professional privilege.

Law 5047/2023 incorporated Council Directive 2021/514/EU (DAC 7), introducing new rules to improve existent cooperation procedures and to establish the obligatory reporting of sales and services carried out via digital platforms. The new rules apply in Greece as of 7 September 2023.

The concept of tax avoidance

Greek tax legislation has incorporated a number of anti-tax avoidance rules, both general (general anti-abuse rule – GAAR) and targeted ones (targeted anti-abuse rule – TAAR). These are as follows.

GAAR provided under Article 39 L 5104/2024

The GAAR in Greek tax legislation is designed to counteract arrangements or series of arrangements that are primarily intended to secure a tax advantage, undermining the purpose or objectives of the relevant tax laws. This rule was initially based on the European Commission's Recommendation on Aggressive Tax Planning (EU GAAR), issued on 6 December 2012 (C(2012) 8806 final). It was later amended under Article 13 of Law 4607/2019 to align with Article 6 of the Anti-Tax Avoidance Directive 2016/1164/EU (ATAD).

Under GAAR, the tax authorities are empowered to disregard any arrangements that are not deemed genuine in light of all relevant facts and circumstances if their main purpose or one of their main purposes is to obtain a tax advantage that contravenes the intent of the applicable tax law.

TAAR for tax losses forfeiture provided under Article 27 L 4172/2013

TAAR refers to the fact that it is not possible to carry forward losses in the event of a change of more than 33 per cent of the direct or indirect holding or the voting rights in a legal person or entity, provided that there is also a change of activity of the legal person or entity that exceeded 50 per cent of its turnover in relation to the immediately preceding tax year from the change of shareholding structure or voting rights.

TAAR for corporate restructurings provided under Article 56 L 4172/2013

TAAR on corporate restructurings is aligned with the provisions of Directive 2009/133/EU and applies for all restructurings (mergers, full or partial demergers, spin-offs, share exchanges or transfer of the registered seat), effected under Articles 52 to 55 Law 4172/2013. By virtue of TAAR, to the extent that tax avoidance or tax evasion is identified as the main or one of the main objectives of the companies under restructuring, all benefits granted in accordance with the above-mentioned articles are fully or partially disallowed.

The fact that a transaction is not performed for valid economic reasons, such as the restructuring or the rationalisation of the activities, may constitute evidence that the main or one of the principal objectives of the transaction is the tax avoidance or tax evasion.

There are other anti-avoidance rules included in Greek tax legislation, such as thin capitalisation rules, as well as CFC rules, which, in general, provide that the undistributed passive income of a foreign legal person or entity satisfying certain conditions shall be attributed to and taxed by the Greek resident controlling shareholder.

Statute of limitations

The statute of limitations period varies depending on the category of tax and the fiscal year.

The basic statute of limitations for fiscal years 2014 onwards is five years, which (from 2018 onwards) may be raised to 10 years in cases where no tax returns have been filed, or new data or information is brought to the attention of the Greek tax authorities, which could not have been brought to its attention within the standard five-year statute of limitations period. For tax years 2012–2017, a 10-year limitation period is applicable in cases of tax evasion.

Competition law

Merger control provisions are included in Law 3959/2011 regarding the protection of free competition (Articles 5 to 10) and are enforced by the Hellenic Competition Commission (HCC), an independent administrative authority.

The Greek merger control system provides for pre-notification to the HCC (30-day deadline) in cases of concentration where the following two thresholds are cumulatively met:

1. all participating enterprises have an aggregate worldwide turnover exceeding €150 million; and
2. at least two of them each has a national (Greek) turnover of at least €15 million. In such a case, the transaction cannot be completed without the clearance of the HCC. The latter theoretically has the power to block a transaction (but has not blocked any application to date).

There is currently no post-notification obligation for minor mergers under Greek law.

Outlook and conclusions

Currently, the momentum for the growth of the Greek economy is very positive. This upward trend may remain next year as well, despite the international environment and the increase of inflation rates. Tourism and real estate seem to be in the spotlight. The business community would also welcome some further initiatives to motivate and facilitate investments and business transformations.

Endnotes

- 1 Cleomenis Yannikas and Vassilis Constantinidis are senior partners and John Papadakis is a partner at Dryllerakis Law Firm. [^ Back to section](#)
- 2 *Sociétés anonymes*, not to be confused with listed companies. [^ Back to section](#)



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