Greece

Pillar Two Bill Set to Apply to 19 Greek Groups, 900-950 Subsidiaries

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The Ministry of Finance has unveiled the key components of the upcoming Pillar Two Bill, which is set to be presented to the Greek parliament. As outlined in the presentation, Greece will adopt the Minimum Taxation Directive (2022/2523), extending its application to 19 Greek groups and approximately 900-950 subsidiaries of foreign groups. These entities should have generated revenue exceeding EUR 750 million in the last 2 out of 4 years.

Specific entities are excluded from the Pillar Two Bill, viz. states, international organizations, non-profit organizations, and pension funds.

The corporate tax rate for companies remains at 22%.

The new system applies to each country where the group has subsidiaries, as well as the state of the parent company's establishment. The state of the parent company's establishment can impose a top-up for the entire group, including its subsidiaries in countries where the effective tax rate is lower than 15%. Alternatively, each state of subsidiary establishments has the option to impose a top-up tax on the operations within its jurisdiction.

Finally, if the top-up tax arises from financial statements based on International Financial Reporting Standards (IFRS), specific rules for calculating the top-up tax will not apply. This approach aims to simplify the process for businesses, yielding similar results to the Directive's rules.

It is estimated that the implementation of the Pillar Two Bill will generate annual tax revenue as set out below:

- from domestic groups: up to EUR 30 million; and
- from subsidiaries of foreign groups: up to EUR 50 million.

The above is provided in a presentation that is available here (as a PDF and in Greek only), accompanying the press release of the Ministry of Finance that is available here (in Greek only).