

# Pillar Two but make it Greek: Law 5100/2024

Update created: 30 September 2024

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The [Minimum Taxation Directive \(2022/2523\)](#) (implementing Pillar Two of the OECD/G20 Global Agreement) introduced common measures within the European Union for the minimum effective taxation of multinational enterprises (MNEs) meeting the threshold of consolidated revenue of at least EUR 750 million on an annual basis. Among other things, the Minimum Taxation Directive (2022/2523) implements a domestic minimum top-up tax, an income inclusion rule (IIR) and an undertaxed profit rule (UTPR). The Greek legislator implemented the Minimum Taxation Directive (2022/2523) on [6 April 2024](#) through [Law 5100/2024](#) (the implementing law). The present note aims to serve as a high-level road map of the implementing Greek Law.

## Some interesting facts

The implementing legislation can be found in articles 1 to 54 of Law 5100/2024 (see [here](#) the preparatory work of the law). Based on an [announcement of the Ministry of Economy and Finance's \(MoEF's\) Press Office](#) dated 8 March 2024, approximately 19 domestic MNEs and 900-950 subsidiaries of large foreign multinational enterprises are expected to be [practically affected](#) by the new set of rules in Greece. Although no report describing the economic impact assessment has been published by the MoEF, the amount of additional revenue gains through the application of the Minimum Taxation Directive's (2022/2523) rules was estimated at (up to) EUR 80 million in the same announcement.

Along with the International Financial Reporting Standards (IFRS), the Greek Generally Accepted Accounting Principles (Greek GAAP), found in [Law 4308/2014](#) (applicable in Greece pursuant to [Regulation 1606/2002](#)), are considered an acceptable financial accounting standard for the application of the Minimum Taxation Directive (2022/2523). The financial accounting standard adopted by the ultimate parent entity (UPE) may be used only in specific circumstances.

## The interaction between the IIR and the UTPR

The IIR introduced by Greece follows exactly the wording of the Minimum Taxation Directive (2022/2523). Thus, the parent entity or the intermediate parent entity of an MNE located in Greece should be obliged to apply the IIR to its share of top-up tax relating to any low-taxed entity of the group (i.e. where the entity's income is taxed below the effective tax rate (ETR)), whether that entity is located within or outside the European Union. Greece has also implemented a UTPR (effective from 31 December 2024), which acts as a backstop to the IIR through a reallocation of any residual amount of top-up tax in cases where said entire amount relating to low-taxed entities could not be collected by parent entities through the application of the IIR. Based on the implementing law,

the UTPR adjustment in Greece will not take the form of a denial of deduction against the taxable income of the affected constituent entities; rather, it will consist in an amount of top-up tax due by them in Greece.

Although not mandatory under the Directive, Greece has chosen to implement a qualified domestic minimum top-up tax (QDMTT) rate, introducing for the first time a differentiation between the nominal tax rate and the ETR in the Greek corporate income tax (CIT) system. The reason is to ensure that the nominal CIT rate of 22% does not fall below the 15% minimum ETR of the Global Anti-Base Erosion (GloBE) rules. In any event, Greece is a high-tax jurisdiction that does not offer overly “generous” tax incentives, such as too low tax rates or large reductions in the CIT base of companies. Therefore, the QDMTT is not expected to apply on a frequent basis.

### Safe harbours

In accordance with article 32 of the Minimum Taxation Directive (2022/2523), the implementing law has set forth three safe harbour rules. Two of these rules are transitional, and one of them is permanent. In this respect, the implementing law introduced a country-by-country reporting (CbCR) transitional safe harbour, a UTPR transitional safe harbour and a permanent QDMTT safe harbour. Through the application of the aforementioned safe harbours, the top-up tax amount calculated for the jurisdiction(s) in question is deemed to be zero for the relevant fiscal year. The safe harbours introduced by Greece are in line with the respective OECD administrative guidance (see [here](#) and [here](#) for the CbCR safe harbour and [here](#) for the UTPR safe harbour and the QDMTT safe harbour). As regards the interpretation of these rules, it is worth noting that the provisions introducing the three safe harbours are the only ones in the implementing law making an explicit reference to the administrative guidance developed by the OECD Inclusive Framework.

### Interaction with tax incentives

Another important issue is the interaction of the GloBE rules with the tax incentives provided for by Greek tax legislation. The latter provides for two broad categories of tax incentives: (i) expenditure-based incentives; and (ii) corporate reorganization incentives.

Incentives belonging to category (i) are typically found in the Greek Income Tax Law Code (GITC) and consist in increased tax deductions (e.g. super-deduction of research and development expenses, which include the depreciation of equipment and instruments for the needs of carrying out scientific and technological research). Insofar as they lead to an ETR of less than 15%, their effects should be neutralized by the Minimum Taxation Directive (2022/2523).

Incentives belonging to category (ii) include those that implement the [Merger Directive \(2009/133/EC\)](#) within the GITC and those found in company reorganization laws, in particular [Law 2166/1993](#), [Legislative Decree 1297/1972](#) and [Law 4935/2022](#). As regards the provisions implementing the Merger Directive (2009/133/EC), the benefits arising upon the transfers of assets carried out in the context of a reorganization (as defined in the Minimum Taxation Directive (2022/2523) and the implementing law) are not expected to be neutralized, as they are covered by the Minimum Taxation Directive (2022/2523) and the implementing law. On the contrary, benefits derived from the reorganization rules of Law 2166/1993 (e.g. merger with unification of book values of the absorbed and the absorbing companies or exemption of any tax-free reserves of the transformed company) and Legislative Decree 1297/1972 (e.g. permanent exemption of capital gains on immovable property subject to the condition of non-dissolution within 5 years after the merger) may be neutralized by the GloBE rules. Finally, Law 4935/2022 applies only to reorganizations of small and medium-sized enterprises and hence falls outside the scope of the GloBE Rules.

## Open items, or mapping the future

In the aftermath of the GloBE rules' implementation, it will be key for jurisdictions to be in a position to provide tax certainty to the enterprises affected by these rules. Until an efficient and effective dispute prevention and/or resolution mechanism is agreed at the level of the OECD Inclusive Framework (see [here](#) the OECD Public Consultation Document on Tax Certainty for the GloBE Rules), countries should rely on existing mechanisms. In this respect, the Greek tax administration (IAPR) has at its disposal a very limited number of tools for dispute prevention and/or resolution, namely an administrative appeal mechanism and the possibility of advance pricing arrangements. There is currently no domestic legislation permitting the issuance of tax rulings, nor has Greece introduced a [Cooperative Compliance](#) programme. Moreover, Greece does not participate in programmes such as the OECD's [International Compliance Assurance Program](#) or the EU Commission's [European Trust and Cooperation Approach](#). Although these cross-border mechanisms developed by the OECD Forum on Tax Administration and the European Union, respectively, are not meant to provide tax certainty in relation to the GloBE rules, they may pave the way towards future dispute prevention and/or resolution mechanisms with similar characteristics for Pillar Two. The adoption of a combination of these options would be useful for the provision of additional tax certainty to enterprises going forward.

Regarding procedural issues and penalties applicable in cases of non-compliance with Law 5100/2024, the [Code of Tax Procedure](#) applies. As a next step, the IAPR is expected to publish additional clarifications on the submission process.

## Concluding thoughts

Greece implemented the Minimum Tax Directive (2022/2523) in domestic law with a [delay](#) of approximately 3 months. The wording of the implementing law closely follows that of the Minimum Taxation Directive (2022/2523) and is in line with the GloBE rules, the commentary and the relevant administrative guidance of the OECD. It will be key for Greece to monitor any developments in the area of dispute prevention and dispute resolution mechanisms for the GloBE rules, as well as to provide clear guidance to taxpayers as regards the application of the new rules.

# IBFD references

- For an overview of the implementation status of the GloBE rules, i.e. IIR, the UTPR and related DMTT rules, please refer to the [Global Minimum Tax Monitor Map](#).
- For an overview of the developments linked to the Minimum Taxation Directive (2022/2523) at the EU level, please refer to the [European Union – Global Minimum Tax Monitor](#), Tables IBFD.
- EU tax law developments are reported in the daily IBFD [Tax News Service](#).