

Trusts and foundations, which are commonly used investment vehicles for high net worth individual and private wealth planning, are not recognized under Greek domestic law. Although, recently, the Independent Authority of Public Revenue (IAPR) of the Greek Ministry of Finance, issued ruling with respect to the tax treatment of the foreign trusts and foundations, within the framework of Greek income, gift and inheritance taxation.

In the income tax field, the Circular examines the period after the introduction of the new Income Tax Code (ITC) and the period before it (the Old ITC). As of 1 January 2014, (ITC) recognizes foreign trusts and foundations as taxable legal entities for corporate income tax purposes, being subject to Greek corporate income tax for the income which arises in Greece. In addition, undistributed income, which arises in the foreign trust/foundation, could trigger the applicability of the provisions of Controlled Foreign Companies (CFC) rules, if all the conditions are cumulatively met.

On individuals' taxation level, the transfer of assets into the trust/foundation upon its settlement is not considered as taxable event for the settlor/founder of the trust/foundation neither for gift and donation tax purposes nor for deemed income tax purposes regardless of the fact that the settlor/founder is also the beneficiary of the trust/foundation or not. Any distribution of profits by the trust/foundation, upon either its ongoing operation or its dissolution and liquidation, acquired by the settlor under his/her capacity as beneficiary of the trust/foundation, falls within the definition of dividends, being that considered as taxable income and subject to income dividend tax of 10%, with effect for payments performed up to the tax year 2016 and 15%, for the tax year 2017 onwards, plus solidarity tax. In case the settlor/founder and the beneficiary of the trust/foundation is not the same person, the transfer of the trust's/foundation's assets to the beneficiary is treated as a gift or

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inheritance for tax purposes and is taxed according to gift/inheritance tax scale which is applicable based on the relationship between the settlor/founder and the recipient of the assets.