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LEGAL OPINION

Tax issues in offshore vehicles

In certain corporate structures, an offshore vehicle is used for a Group's activities abroad, often for services or sale of supplies and equipment. This structure is usually used for activities that have no connection with Greece e.g. equipment sent from a third country to a non-Greek port where the vessel lies or for services rendered onboard on the high seas or in a third country.

The offshore vehicle maintains an account with a bank in a country outside Greece, where issued invoices are paid.

Remittances or withdrawals from this account to the shareholders in Greece, are considered to be dividends and are subject to a 10% tax. Once this is paid, the funds can lawfully be used by the principal / shareholder.

On the other hand, amounts that are deposited in the account which are not distributed are considered to form part of the income of the shareholders at the extend of their participation in the shareholding of the asset. In such case, they are subject to the [higher] income tax applicable.

The necessity of transparent structures is obvious in the light of recent developments globally regarding control of funds circulation and anti money laundering. This in turn, requires care and diligence in structures which are real and now need to show they are real indeed.

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