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Tax Alert

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New tax provisions on individuals transferring tax residency in Greece and alternative investment funds

On 24 June 2026, the Greek Parliament enacted a new law (L.5313/2026) introducing, among others, amendments to the Greek Income Tax Code (ITC). This alert highlights certain key tax provisions of interest which are adopted with a focus on:

- Enhancing further the attractiveness of the special tax regimes for high-net-worth individuals (HNWI) and foreign pensioners;
- Providing certainty on permanent establishment (PE) exposure for regulated activities;
- Expanding preferential regime for carried interest to alternative investment funds (AIFs);
- Strengthening Greece's positioning as a fund management and investment hub.

Amendments in HNWI and foreign pensioners regimes

The application deadline of March 31 is abolished. New application deadline is expected on the basis of a Decision to be issued by the Governor of the Independent Authority for Public Revenue.

The lump sum tax on foreign source income (i.e. flat tax of €100,000 for HNWI or 7% tax on foreign source income for foreign pensioners) is payable by the last working day of December, instead of July as used to be. Furthermore, for HNWI regime, the obligation to pay the flat tax for the first year within 30 days upon approval of the application is abolished.

The deadline for the tax administration to examine the application is abolished [i.e. for HNWI regime it was “by the last working day of June”, for foreign pensioners regime it was “within sixty (60) days”].

PE – exclusion of establishments used fo regulatory compliance and supervision

Changes are introduced to the definition of PE under the Greek ITC.

In particular, the use of establishments in Greece exclusively for the purposes of regulatory compliance and supervision by competent authorities is explicitly included among the activities that do not constitute a PE.

- Accordingly, such establishments will not give rise to a PE in Greece, provided that their use: is strictly limited to regulatory compliance and supervisory purposes; and
- does not form part of the core business activities of the enterprise.

The amendment enhances legal certainty for regulated entities, confirming that the establishment of a presence in Greece for compliance purposes will not, per se, trigger PE exposure.

These provisions are applicable as of 1 January 2026.

Carried Interest

Income arising from carried interest paid, pursuant to a contractual right, to employees of legal entities established in Greece that provide services to affiliated Alternative Investment Fund Managers (AIFMs) is taxed as capital gain at flat 15% tax rate. This is applicable to EU AIFMs or to equivalent investment managers established in third countries, provided that (a) their registered office is not located in a non-cooperative jurisdiction within the meaning of Article 65 of the ITC; and (b) they are subject to supervision by a competent authority accredited to the International Organization of Securities Commissions (IOSCO).

There shall be a beneficial tax treatment with a flat 5% tax rate if the following conditions are cumulatively met:

- Individual is employed by legal entity established in Greece and transfers tax residency to Greece under special tax regime 5C of Law 4172/2013 and
- The legal entity incurs ≥ €3 million annual operating expenses in Greece per tax year.

Respective beneficial tax treatment shall be applicable for up to 7 years (i.e. it shall follow the 5C regime duration).

If carried interest relates to a period of time prior to the individual’s transfer of tax residency to Greece and prior to the commencement of the employment relationship with the legal entity established in Greece, the part of the income corresponding to the said period is not subject to tax in Greece.

These provisions are applicable as of 1 January 2026.

AIFs – tax treatment, effective management and PE implications

A comprehensive framework is introduced regarding the tax treatment of AIFs, equivalent non-EU investment vehicles and related services, as well as clarifying effective management and PE implications.

The provisions apply to EU AIFs and to equivalent investment undertakings established in third countries, provided that:

- Their registered office is not located in a non-cooperative jurisdiction within the meaning of Article 65 of the ITC; and
- They are subject to supervision by a competent authority accredited to IOSCO.

It is clarified that:

- The management, delegation of management or part thereof, and portfolio management of such AIFs, when performed in Greece, do not constitute place of effective management in Greece;
- The same applies to foreign legal persons and entities in which such undertakings participate, directly or indirectly, by at least 95%, provided that they operate exclusively for asset-holding or investment purposes; and
- The relevant provisions of the ITC on place of effective management do not apply solely in respect of such activities.

Furthermore:

- The provision of the above services by legal persons established in Greece does not, in itself, constitute a PE in Greece for the relevant AIFs, their managers or related entities; and
- Portfolio management and investment advisory services provided in the ordinary course of business by Greek entities to qualifying EU and non-EU AIF managers do not create a PE in Greece for such managers.

The framework confirms that foreign AIFs and related entities remain taxable in their jurisdiction of establishment, while Greek entities providing services are fully subject to taxation in Greece.
The provisions aim to enhance legal certainty and strengthen Greece’s positioning as a hub for investment management and related services.

Entry into force:

- Certain provisions apply to tax years starting from 1 January 2025;
- The provisions relating to effective management and PE apply to tax years starting from 1 January 2026.

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