

Greece enacts provisions for registration of ultimate beneficial owners

EY Tax News Update: Global Edition

EY's Tax News Update: Global Edition is a free, personalized email subscription service that allows you to receive EY Global Tax Alerts, newsletters, events, and thought leadership published across all areas of tax. Access more information about the tool and registration [here](#).

Also available is our [EY Global Tax Alert Library](#) on ey.com.

Executive summary

Greece's Law 4557/2018 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the Law), which entered into force on 30 July 2018 transposed European Union (EU) Directive 2015/849 into the Greek legislative framework. The Law provides the main structure for the introduction of the Registries, where ultimate beneficial owners (the UBOs) should be registered and the subject to penalties. Nevertheless, certain issues remained to be specified by the issuance of Ministerial Decisions.

Accordingly, two recent Decisions of the Minister of Finance (No. 67343 EΞ/19 June 2019 and 73900 EΞ/02 July 2019, hereinafter the MDs and respectively MD1 and MD2) were published in the *Government Gazette*, setting forth specific regulations as well as clarifications on specific matters of the Law, and in combination with the latter, has resulted in the UBO Registries acquiring full legal effect in Greece.

Matters that were specified by the MDs included, inter alia, the full list of persons required to register, the full details that should be reported and the deadlines for reporting.

Detailed discussion

Main provisions of Law 4557/2018

Definition of UBOs

The Law, in Art. 3.17, defines UBOs as “the natural person(s) who ultimately own the company or control the company by holding or controlling directly or indirectly a sufficient percentage of its shares or voting rights or other ownership rights, including inter alia through bearer shares or other means.”

Holding a percentage of voting rights or ownership rights above 25% by a natural person is an indication of direct control. Holding a percentage of voting rights or ownership rights above 25% of a company by another company, whose control is exercised by natural person(s) or by multiple companies controlled by the same natural person(s), is an indication of indirect control. The control can be verified based on the prerequisites of paras 2 to 5 art 32 L 4308/2014 (Greek GAAP).

Types of Registries

The Law in Art. 20 and 21 provides for three types of Beneficial Ownership Registries where UBOs should be registered:

- ▶ *Beneficial Ownership Special Registry* should be maintained at the headquarters of legal entities with their registered seat in Greece and should be sufficient, accurate and updated under the responsibility of the legal representative or a specially authorized person. The information should include the name and surname, date of birth, nationality and country of residence of the beneficial owners, as well as the type and extent of the rights they hold.
- ▶ *Beneficial Ownership Central Registry* created by the General Secretariat of Information Systems and linked electronically with the Tax Registration Number (TRN) of each legal entity. The Central Registry obtains information regarding all Greek legal entities or entities with their registered seat in Greece, as well as public and other authorities.
- ▶ *Special Registry of Beneficial Ownership of Trusts* must be created and maintained by the trustees of any express trusts. The information should contain the name, date of birth, nationality and country of residence of the beneficial owners, as well as the type and extent of the rights they hold. The aforementioned information as well as any updates thereof, should be recorded in a special section of the aforementioned Central Registry.

Penalties for non-compliance

Persons or entities required to report should register all relevant information with the Central Registry by the deadlines provided for below (under III.D).

In the case of non-compliance, Art. 20 paras 8 and 9 of the Law, provides that tax authorities have the right to refuse the issuance of a tax clearance certificate for the subject legal entity and may impose a fine of €10,000 and a new deadline for compliance with the UBO provisions. If said deadline is not met the fine shall be doubled.

Specifications introduced by the MDs

Entities required to register

Following the above, the issued MDs specify the persons required to register their UBOs in the Central Registry as follows:

- ▶ Any legal person or entity with its registered seat in Greece or exercising taxable business in Greece. Specifically, entities required to report are: non-listed entities, shipping companies, professional partnerships, non-profit entities, trusts, partnerships and companies under bankruptcy or liquidation.
- ▶ Listed companies, that are automatically registered to the Central Registry of UBOs, via an interconnection between the Central Securities Depository and the General Secretariat of Information Systems/gsis platform.

Provision of information

According to Art 3 and 4 of MD1, legal persons and entities have access to the Central Registry through their authorized representatives. Said representative should be a natural person, with an active key-code number (kleidarithmos), registered in the online portal of the tax authorities (taxisnet) by the legal representative of the legal entity. The authorized representative is liable for the accuracy and completeness of the following information:

- ▶ TRN, trade name, distinctive title of **legal entities**, and other information about the latter such as address, telephone, email and the legal entity identifier (lei) if the legal entity is listed.
- ▶ TRN, name/surname, certification document, date of birth and address of the **authorized representative** making the registration.
- ▶ TRN, Name/surname, father's name, certification document, nationality, address, tax residence and ID, capacity, type and extent of powers of the **UBO**.

- If the company is held by **another company**, the trade name and distinctive title of such company, TRN, General Commercial Registry (GEMI) number, legal form, address, tax residence and ID, type and extent of powers.
- For **other legal entities** (e.g., trusts), the main data of the founder of the trust, the trustee, the beneficiary or the category of beneficiaries, and any other person who exercises control on the trust.

Access to the Registry

According to Art 6 of MD1, the Central Registry can be accessed by several competent authorities i.e., the Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority, prosecuting authorities or other authorities with investigative or controlling powers as well as the people required to disclose their information.

The Anti-Money Laundering, Counter-Terrorist Financing and Source of Funds Investigation Authority in particular has full and unlimited rights to access the registered information. As for all other authorities and persons required to report, they have limited access to such information and only for due diligence purposes.

All registered data must be kept online for five years.

Persons required to report should pay an annual fee of €100 to access the Registry.

Natural persons should pay €20 to access the Registry and are allowed to make 10 searches. The collection of said fees is made electronically.

Deadlines for Notification in the Registry

Notification in the Registry started in September 2019.

Obligated entities are divided in 3 Groups (A, B or C) as per the MD1 with regard to the time when they will be allowed access to the Central Registry and make the relevant notifications.

- **Group A - notification deadline 16 September 2019-14 October 2019:** Greek shipping companies, professional partnerships of lawyers and public notaries public
- **Group B - notification deadline 30 September 2019-1 November 2019:** private legal entities, Greek branches, subsidiaries and joint ventures
- **Group C - notification deadline 14 October 2019-29 November 2019:** general and limited partnerships, Sociétés Anonymes and limited liability companies

By virtue of an amendment decision to the Ministerial decision issued in June 2019, signed on 31 October 2019 by the Minister of Finance, the deadlines for registration to the Central Registry were extended as follows:

- For Group A, until 25 November 2019
- For Group B until 28 November 2019
- For Group C until 12 December 2019

Implications

Law 4557/2018, along with the subsequently issued MDs, constitutes a significant breakthrough to the Anti-Money Laundering (AML) legislation, since it introduces an updated and organized regulatory framework through transposition and implementation of the relevant EU directive 2015/849. The adaptation of the provisions to the Greek reality by the establishment of different types of UBO Registries and specification of their operation, reinforces the cooperation and the exchange of information between the competent authorities and operates beneficially for the transparency of transactions.

For additional information with respect to this Alert, please contact the following:

Platis – Anastassiadis & Associates Law Partnership, Athens

- Eirnikos Platis eirnikos.platis@gr.ey.com
- Lia Vitzilaiou-Manager lia.vitzilaiou@gr.ey.com

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2019 EYGM Limited.
All Rights Reserved.

EYG no. 004882-19Gbl

1508-1600216 NY
ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com