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TAX GUIDE 2023

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A. TAXATION OF INDIVIDUALS

Income Tax

Income **tax is required to be paid by all individuals who earn income in Greece**, regardless of their citizenship or place of permanent residence, subject to relevant tax treaty provisions.

Thus, all individuals, Greek tax residents who are aged 18 and above and liable to pay taxes are required to submit an annual Greek income tax return, declaring all taxable and exempt income in an annual tax return. Typically, the deadline for filing personal income tax returns is the 30th of June of the year following the year in which the income was earned.

Individuals who are permanent residents of Greece are subject to taxation on their worldwide income. Non-residents are taxed on their Greek source income only.

There are two criteria taken into consideration with the view of determining if an individual's tax residency is in Greece:

- **Habitual abode:** If an individual is physically present in Greece for more than 183 days in any 12-month period, their habitual abode is considered to be in Greece **from their first day of presence in Greece.** Nevertheless, there are exceptions for individuals visiting Greece for medical, tourist, or similar private purposes. If they stay in Greece for more than 183 days but less than 365 days in a twelve-month period, they may still be considered tax residents.
- **Centre of vital personal and financial interests:** If Greece is the country where an individual's significant personal and financial activities are centered, their tax residency can be determined to be in Greece. This criterion takes into account factors such as investments, property ownership, employment, and family ties.
- **Non-Greek tax residents earning incomes sourced in Greece are advised to support their tax status with tax residence certificates from their tax residence countries.**

Taxable Income: Employment and Pension Income

Greek tax residents are obligated to pay income tax on their earnings from employment. This encompasses various forms of income, such as salaries, wages, allowances, pensions, stock-based compensation, and any other payments, whether in cash or in kind, received for services provided.

Benefits in kind are generally subject to payroll withholding taxes (WHTs).

Furthermore, income tax is levied on particular categories of non-cash benefits, such as corporate cars, which are subject to taxation based on a calculated income formula. This includes **loans granted to employees**, which result in income that is deemed taxable by the authorities. Additionally, **company-provided housing**, whether it is rented or owned by the company, is also subject to individual taxation. Lastly, **equity-based compensation** is another form of income that falls under the purview of personal taxation.

As of 1 January 2015, due to the challenge of determining the taxable basis of such benefits at the time of their provision, no withholding taxes are applied. Instead, the value of these benefits, which are taxable, is added to the employment income of the recipients and they are subsequently taxed when their personal annual income tax return is assessed.

The progressive tax rate scale is applied to taxable income derived from salary, pension, freelance work, and personal agricultural activities. The specific tax rates within the scale depend on the income level and are as follows:

Taxable income (EUR)	Tax rate	Tax due (EUR)	Cumulative tax due (EUR)
0 – 10,000	9%	900	900
10,001 – 20,000	22%	2,200	3,100
20,001 – 30,000	28%	2,800	5,900
30,001 – 40,000	36%	3,600	9,500
40,001 and above	44%	–	–

Severance Payments

Pursuant to the relevant provisions of Law No. 4172/2013, **any lump-sum compensation provided by any institution for any reason whatsoever for the termination of an employment relationship or other contract linking the institution to the beneficiary of the compensation is taxed separately**, leading to the exhaustion of the related tax liability.

The tax applied to severance payment is calculated on the basis of the favorable scale provided below:

Scale of severance pay (EUR)	Tax rate
< 60,000.00	0%
60,000.01 – 100,000	10%
100,000.01 – 150,000	20%
> 150,000	30%

Stock Options

Under the updated regulations implemented in 2020, a more favorable income tax treatment has been established for stock options and share award plans. Employees receiving benefits from these plans are now classified as capital gains for income tax purposes. As a result, they are subject to a reduced tax rate of 15% (or 5% for start-ups), instead of the higher marginal rate of 44% typically applicable to salary income.

Business Income

Freelancer and sole proprietorship (individual businesses) income is also taxed according to the above progressive tax rate scale.

Passive Income

Dividends are subject to a 5% withholding tax rate except for foreign dividends received by a Greek tax resident which may be subject to a more favorable withholding tax rate based on an applicable double tax treaty.

Interest is subject to a 15% tax rate.

Royalties are subject to a 20% withholding tax rate.

Income from Capital Gains

Capital gains arising from capital alienation are taxed at a rate of 15%. In the case of the transfer of listed shares, the capital gains tax is imposed only if the following criteria are met cumulatively:

The acquisition date for the listed shares or listed securities is set after 1 January 2009.

The transferor holds at least a 0.5% participation percentage in the share capital of the company.

Anticipated to offer a strong incentive for the establishment of holding companies in Greece, a deferral of capital gains tax on certain securities transactions is now applicable by virtue of recently enacted Law No. 5024/2023, provided certain conditions are met.

More specifically, the new provisions will apply in cases of Greek tax residents who contribute domestic or foreign securities, such as shares, to cover or increase the capital of Greek or foreign legal entities or persons in exchange for securities issued by the recipient in question.

The main conditions that must be met for the application of this deferral are the following:

1. The contributor of the securities must be an individual tax resident in Greece and the sole shareholder/partner of the recipient legal entity.
2. The recipient must be established in a tax cooperative jurisdiction (not necessarily in the European Union); and
3. The scope of the recipient entity's business objective must relate to commercial, production, or agricultural activities, or the provision of services.

The practical effect of this amendment is that, for those cases meeting the above-mentioned criteria, capital gains taxation will only occur upon the actual transfer of the securities in question in the recipient entity that was acquired in exchange for the contribution, and not at the time of the contribution of the domestic or foreign securities.

This new measure applies from 24 February 2023 onwards and stands as a very welcome development that is expected to render the setting up of Greek holding companies an even more attractive and tax-efficient investment vehicle for high-net-worth individuals (HNWI).

Special solidarity contribution

An important change introduced by Law No. 4972/2022 is the repeal of the special solidarity contribution on individuals for all income from 1 January 2023. The special solidarity contribution tax had been implemented for a number of years, resulting in an increased tax burden on individuals falling under Greek tax regulations. At the same time, it raised the costs of international assignments in Greece and presented various payroll, remittance, and administrative challenges for employers.

The abolishment of the special solidarity contribution tax brings positive implications for taxpayers, as many individuals will face a reduced tax burden. Furthermore, employers will no longer be required to collect and remit this specific tax, simplifying their administrative processes, with the costs associated with international assignments also expected to decrease to some extent.

Alternative Tax Regimes for Non-Residents

Special alternative tax regimes have been incorporated into the Greek Income Tax Code to cater to specific groups of individuals as of 2020. These regimes include provisions for high-net-worth individuals (Article 5A of Law No. 4172/2013), individuals receiving foreign-source pension income (Article 5B of Law No, 4172/2013), and individuals returning to Greece and earning employment and business income within the country (Article 5C of Law No, 4172/2013). These individuals have the option to transfer their tax residency to Greece and avail themselves of the corresponding tax regimes.

High Net Worth Individual (HNWI) Regime (as of Dec 2019)

This regime was introduced with a mind to attract high net worth foreign individuals and expatriate investors, by providing an alternative way for taxing income generated outside the Greek territory. It applies to individuals who choose to transfer their tax residence to Greece, offering them the opportunity to be taxed in our country for income derived from foreign activities, with a fixed annual tax of EUR 100,000, for a maximum of 15 fiscal years.

Various conditions apply for eligibility, including that said individuals must not have been Greek tax residents for the previous seven of the eight years prior to the transfer of their tax residence to Greece, and that it can be proved that either themselves, a legal entity in which they hold the majority of the shares or their relatives (meaning their spouses and those in the ascending or descending line) can invest at least EUR 500,000 in real estate, businesses, or transferable securities or shares in legal entities based in Greece.

Foreign Pensioners Regime (as of Jan 2020)

In a similar effort to attract foreign pensioners, recently enacted provisions offer foreign pensioners the option to take advantage of the alternative taxation of their total foreign source income.

Eligible individuals must not have been Greek tax residents for the previous five of the six years prior to the transfer of their tax residence to Greece, while they must also transfer their tax residence from a state with which an agreement on administrative cooperation in the field of taxation with Greece is in force.

In view of the above, pensioners whose applications are accepted under this regime will pay a specific, individualized annual tax at a rate of 7% on all income earned abroad. Pensioners can elect to remain under this regime for a maximum of 15 years, with the possibility to withdraw from it anytime they choose to do so.

Foreign Individuals Wishing to Work in Greece (as of Jan 2021)

Special provisions were also put in place to attract foreign individuals to work or undertake personal business activities in Greece by offering them an appealing regime of alternative taxation, as of tax year 2021.

Under this special regime, which applies to employment income and business activity rendered in Greece, individuals who choose to transfer their tax residence to our country will be eligible for both income tax and solidarity contribution exemption on 50% of their employment and/or business activity income derived in Greece, on any given tax year.

Digital Nomads

Greece has taken steps to attract a greater number of remote workers, also known as digital nomads, to its shores. As of 2023, digital nomads arriving in Greece can benefit from a 50% tax reduction for the initial seven years. This tax incentive was made possible through legislation that was approved by the Greek Parliament in the previous year.

Indeed, Greece has now launched a new Digital Nomad Visa that allows remote nomads to live in Greece and legally work for their employer or their own company registered abroad (Law No. 4825/2021).

Special allowances for angel investors-individuals who invest in start-ups

As of 29 July 2020, individuals who invest capital in a duly registered start-up company can benefit from a considerable tax deduction, as they may be able to subtract an amount equal to 50% of their contribution from their taxable income in the year the investment is made.

This incentive applies to capital contributions made through a bank deposit, up to a maximum of EUR 300,000 per tax year. The funds can be invested in up to three start-ups, with a maximum investment of EUR 100,000 per start-up.

It must be noted, however, that if it is determined through an audit that the capital contribution was made solely for the purpose of obtaining a tax advantage, a relevant fine will be imposed. The amount of said fine will be equivalent to that of the tax benefit sought.

Golden Visa Program

The Greek Golden Visa, which was launched in 2013, is essentially a residence-by-investment program that enables non-EU nationals and their family members to obtain residence permits in Greece, with several other attractive benefits.

The key conditions pertaining to the eligibility of individuals, in addition to citizenship, is that they must be at least 18 years of age, with a clean criminal record, have medical insurance for themselves (and their family, if they are also applying) and be of good character.

More specifically, the main investment requirements for obtaining a Greek Golden Visa are:

- The acquisition of a property in Greece, to the amount of at least €250.000, depending on the area where the real estate is located (see more below).
- Having a 10-year lease agreement, signed either for hotel accommodations or furnished tourist residences in integrated tourist resorts.
- Making a minimum €400.000 investment in Greek government bonds, bonds or shares of real estate investment companies in Greece or shares and bonds of venture funds and private equity which have headquarters in Greece.

Following the latest amendment to Article 20 of the applicable Law No. 4251/2014, the minimum purchase price of a property for the issuance of an investors visa is due to be increased to €500.000, specifically with regard to properties in certain municipalities in Athens (North, Central and South Sectors, including Vari, Voula and Vouliagmeni), Thessaloniki, and the islands of Mykonos and Santorini, as of 1 May 2023. For municipalities in Western Attica, Piraeus and the remaining areas of Greece, the minimum investment requirement remains €250,000.

According to an announcement made by the Minister of Development and Investments, interested investors may still request a Golden Visa in these areas, too, under the previous threshold of €250.000, provided they pay 10% of the price by 30 April 2023, and clear the total amount by 31 December 2023.

There are numerous factors to consider when applying for a Greek Golden Visa, including procedural and legal requirements: therefore, having a team of experienced professionals who can guide and support you along the way – from initial consultation to finding and purchasing your ideal property, filing your application and receiving approval, is of the essence.

At Ecovis Hellas Ltd. we have extensive experience and expertise in helping individuals navigate the process successfully, so you can rest assured that our tax and legal team have you covered!

B. CORPORATE TAXATION

With the intention to conduct business activities in Greece, both legal entities and their shareholders, individuals, and legal entities, are mandated to register with the Greek tax authorities and acquire a unique Tax Identification Number (AFM).

Resident companies are subject to taxation on their income from both domestic and international sources, hence they are required to report and pay taxes on their worldwide earnings.

On the other hand, non-resident companies, Greek Branches and Permanent Establishments are only taxed in Greece on the income they generate from sources within the country. Consequently, income derived from non-Greek sources is not subject to taxation in Greece for non-resident companies.

Tax Residence

A legal entity is considered to be a tax resident in Greece if it meets any of the following criteria:

Place of incorporation: If the legal entity is incorporated under Greek law, it is automatically considered a tax resident of Greece.

Place of effective management: If the legal entity's central management and control, including strategic decision-making, are exercised in Greece, it will be regarded as a tax resident of Greece.

The determination of tax residency for legal entities is based on the specific facts and circumstances of each case, considering factors such as the location of board meetings, key decision-making processes, and overall management control. It is advisable to consult with a tax professional or seek guidance from the Greek tax authorities for a precise determination of tax residency.

Permanent Establishment

A foreign legal entity is a tax resident in Greece if it has a Permanent Establishment (PE).

A Greek PE refers to a fixed business location where a foreign enterprise conducts all or part of its operations in Greece. Examples of such locations include management offices, branch offices, factories, workshops, or other established places of business, including mines, oil or gas wells, quarries, and any other place of natural resource extraction.

From a tax perspective, a permanent establishment is not considered an independent legal entity. Instead, it is treated as an extension of the foreign entity within Greece. This means that the income generated by the foreign entity's activities through its Greek permanent establishment is subject to taxation in Greece.

All forms of income earned by legal entities are categorized as income derived from business activities and are subject to taxation. Nevertheless, these incomes are taxed after deducting qualifying business expenses, depreciation of assets, and any tax losses that have been carried forward from previous years.

This allows legal entities to offset their business-related expenses and losses, ensuring that they are taxed on their net income after considering these deductions.

Intra-group payments for dividends, interest, and royalties received by other EU parent entities are exempted from withholding taxes, provided that the legal entity making the payments and the recipient qualify under the conditions set by Directive 2011/96/EU and Directive 2003/49/EU.

In the case of a non-EU parent entity and/or when the parent company does not qualify for the participation exemption rule, the provisions of double tax treaties will be applicable and prevail over Greek tax law.

Deductible Expenses

All expenses incurred for the business purposes of a company are eligible for deduction. This includes a wide range of expenses necessary for the operation and functioning of the business.

As long as an expense is directly related to the business activities and is incurred in the production of income, it can typically be deducted for tax purposes. **These deductible expenses can include but are not limited to costs such as employee salaries, rent, utilities, advertising, supplies, professional services, and other necessary expenditures**. Deducting these expenses helps to reduce the taxable income of the company, resulting in a lower tax liability.

Tax Description	Tax rate	Reference
Corporate Income Tax Rate (%)	22%	Corporate income tax rate is reduced to 22% from 2023 onwards. **Decrease of Income Tax prepayment** The rate of income tax down payment for free lancers is reduced from 100% to 55%. The pre-payment is assessed based on the income tax return of the tax years 2020 onwards. The rate on income tax downpayment for legal persons and legal entities is reduced from 100% to 80% for the income tax returns of the tax years 2021 onwards.
Withholding Tax Rate:		
Dividends	5%	
Interest	15%	
Royalties	20%	

Depreciations

Interest and depreciation costs may be deductible from business income, as companies can deduct interest costs and depreciation costs from rental income. Generally speaking, buildings are depreciated for tax purposes at a rate of 4% on an annual basis, based on the acquisition costs and improvement costs, if applicable. Nevertheless, it must be noted that land itslef is not depreciable.

Tax Losses Carried Forward

In Greece, tax losses can be carried forward for a maximum period of 5 years. This means that if a company incurs losses in a particular tax year, it can offset those losses against future taxable profits within the subsequent 5-year period.

It is important to note that Greece follows the stand-alone approach for corporate groups, which means there is no specific legislation in place for group taxation. Each company within a corporate group is treated as a separate entity for tax purposes.

Regarding the offsetting of tax losses incurred abroad against business profits derived in Greece, it is generally not permitted, except in cases where the income arises in other EU or EEA member states and is subject to taxation as per the relevant double tax treaties. In such cases, the provisions of the applicable double tax treaties may allow for the offsetting of certain foreign income against Greek tax liabilities.

Transfer Pricing

Enterprises that are required to prepare a transfer pricing file in Greece are also obligated to annually report their related-party transactions conducted during the fiscal year being reported. The deadline for this annual reporting coincides with the deadline for filing the annual corporate income tax return.

Additionally, Greece has implemented legislation to enable the automatic exchange of country-by-country reports, aligning with Action 13 of the Base Erosion and Profit Shifting (BEPS) project. The country-by-country reporting requirements apply to multinational enterprise groups with an annual consolidated turnover surpassing EUR 750 million.

Special Tax Regimes

Shipping Companies

Shipping companies, whether domestic or foreign, benefit from a special tax regime in Greece known as the "Law 89 shipping regime", based on Law No. 27/1975. Under this regime, companies operating within its framework enjoy certain tax advantages.

The profits of shipping companies established under the "Law 89 shipping regime" are exempt from taxation, on the condition that they are subject to tonnage tax. This applies to vessels registered under the Greek flag, as well as foreign-flagged vessels that are managed by a Greek ship management office established under the beneficiary regime specified in Article 25 of Law No. 27/1975.

In summary, companies operating within the shipping industry in Greece, whether local or foreign, can benefit from tax exemptions on their profits if they meet the requirements of the "Law 89 shipping regime" and are subject to tonnage tax.

Most recently, the application of the tonnage tax regime was expanded in accordance with Article 7 of the new Law No. 5000/2022. In addition to Greek-flagged ships and non-Greek flagged vessels managed by offices established in Greece under Law No. 27/1975, the regime now also applies to time/voyage charterers of fully equipped and staffed vessels owned by other companies. These charterers engage in ship-owning and bareboat chartering activities.

Starting from the tax year 2023 onwards, these charterers can benefit from the Greek tonnage tax regime under either of the following conditions:

- At least 25% of their total fleet is registered under the flag of a European Union (EU) or European Economic Area (EEA) state; or
- The proportion of vessels chartered on a time/voyage basis, which do not fly an EU/EEA flag, does not exceed 75% of the fleet that is owned and/or bareboat chartered and subject to the tonnage tax regime.

This expansion allows eligible charterers to take advantage of the favorable tonnage tax regime in Greece, providing them with potential tax benefits.

"Law 89" Offices for Commercial and Industrial Companies

The Commercial Law 89 Special Tax Regime in Greece is specifically designed for entities that offer specific back-office services to other companies within the same group. This unique tax scheme allows foreign entities to establish local offices that exclusively provide support services to their affiliated companies.

The services covered under this regime include a range of activities such as consulting services, accounting support, quality review, drafting studies and contracts, advertising and marketing services, data processing, research and development, software development, computer programming, IT systems support, information filing, storage and logistics management, supply chain management, as well as HR and call center-related activities.

Under this regime, the tax base for corporate entities is more certain, as any expense properly recorded in the Greek books is treated as tax deductible. Non-Greek employees working for such offices are subject to taxation in Greece only on their income derived from Greek sources, while any other sources of income, such as foreign capital gains or rents from abroad, are effectively tax-free in Greece.

Furthermore, offices operating under this regime are not required to prepare transfer pricing documentation for their intra-group transactions. This provides additional administrative simplification for these entities.

Family Offices

Under the provisions of recent Law No. 4778/2021, Greece has introduced the concept of family offices and established regulations governing their establishment and operation. The law defines the business purpose of family offices, outlines the nature of services they can provide, and addresses various tax-related matters.

The law specifies the criteria and requirements for the operation of family offices, including the types of services they can provide to clients. These services typically include financial management, investment advisory, wealth planning, and other related services tailored to the needs of high-net-worth individuals and families.

Regarding tax matters, the law provides guidelines for the determination of gross income, profit percentage, and taxable income applicable to family offices. It also outlines the calculation of income tax and the applicable payment process, ensuring compliance with tax obligations. Additionally, the law addresses the value-added tax (VAT) provisions that are applicable to family offices.

Anti-Avoidance Rules

Greek tax legislation has incorporated international practices and regulatory standards against tax avoidance.

Indeed, Greece has recently implemented a new law aimed at bringing its domestic legislation in line with the anti-avoidance provisions outlined in the EU Anti-Tax Avoidance Directive (ATAD). This law introduces modifications to the existing domestic tax regulations, specifically targeting the areas of interest limitation (thin capitalization), controlled foreign corporations (CFC rules), and general anti-avoidance (GAAR) rules.

The objective of these amendments is to enhance the effectiveness of Greek tax regulations in combating tax avoidance practices. The new rules against tax avoidance are applicable to income and expenses derived from tax years starting from 1 January 2019, and onwards. By aligning with the ATAD, Greece aims to strengthen its efforts in preventing aggressive tax planning and ensuring a fair and transparent tax environment.

Special Anti-Avoidance Rules in Greece

Intra-group charges	Charges for transactions between entities within the same group must adhere to the arm's length principle. Entities engaged in cross-border transactions or transactions with related parties must comply with applicable pricing documentation and filing obligations that are in place.
Thin capitalization	As of 1 January 2017, interest paid on debt is not tax deductible for the surplus of interest expenses exceeding 30% of EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortization).
Controlled foreign companies (CFC)	Passive income received by a foreign subsidiary of a Greek legal entity from transactions with affiliated entities, such as dividends, interest, royalties, etc., may be required to be included in the taxable income of the Greek entity, subject to specific conditions.
Intra-group dividend distributions	In cases where there is an abuse of tax legislation, tax exemptions that apply to intra-group dividend distributions can be limited.

Other Anti-abuse Rules

The utilization of tax losses carried forward is restricted as an anti-avoidance measure in certain situations. Specifically, if, during a tax year, there is an amendment to the direct or indirect participation or voting rights in a legal entity that results in the participation or voting rights exceeding 33%. Additionally, if, in the same tax year following the change, the entity's business activity is altered and exceeds 50% of its turnover compared to the previous tax year, the carrying forward of tax losses is not allowed.

This rule is designed to prevent the abuse of tax losses by limiting their utilization when there are significant changes in ownership or control of a legal entity along with substantial shifts in its business activities. The aim is to discourage taxpayers from manipulating tax losses for the purpose of reducing their tax liabilities.

Time Limitation for Tax Audits

Until recently, the Greek tax authorities had the power to conduct tax audits and review cases from up to 10 or 15 years ago due to the extension of the standard five-year statutory limitation period. This required taxpayers to provide evidence and substantiate tax facts and transactions that occurred many years prior, necessitating the retention of relevant data. Failure to do so could result in additional taxes and penalties being imposed.

In 2017, however, by virtue of a decision issued by the Greek Supreme Court, the standard five-year statute of limitation was restored as the principal rule. This decision has been followed by legislative and judicial developments aimed at emphasizing the importance of conducting tax audits within the statute of limitations. These measures aim to enhance compliance, improve efficiency, and ensure proper tax collection.

By adhering to the standard five-year statute of limitation, tax audits are now focused on more recent periods, which streamlines the process and provides taxpayers with greater clarity and certainty regarding their tax obligations.

The Tax Procedure Code (TPC) in Greece establishes the standard five-year statute of limitation for tax matters. Even so, recent amendments introduced by Law No. 4646/2019 have allowed for a one-year extension of the statute of limitation in specific cases.

According to these amendments**, the statute of limitation period can be extended by one year if new data or information from any source is presented to the Greek tax authorities** during the fifth year of the original limitation period. This means that if relevant information is brought to the attention of the Greek tax authorities within the fifth year, the statute of limitation can be extended by an additional year to allow for further investigation and assessment of the tax matters.

Furthermore, from 2018 onwards, an extension of the statute of limitations period to ten years is possible in cases where no tax return has been filed and new data or hidden incomes are discovered by the tax authorities. This extension is granted if the information could not have been brought to the attention of the authorities within the standard five-year statutory limitation period.

Double Tax Treaties (DTTs)

Greece has established Double Tax Treaties (DTTs) for the prevention of double taxation with 57 countries. These treaties cover taxes on income and, in most cases, taxes on capital as well. By virtue of these agreements, a more advantageous tax treatment can be applied. A list of the counties with which Greece has concluded DTTs can be found below:

List of Double Tax Treaties

Albania	**Hungary**	**Qatar**
Armenia	**Island**	**Romania**
Austria	**India**	**Russia**
Azerbaijan	**Ireland**	**San Marino**
Belgium	**Israel**	**Saudi Arabia**
Bosnia and Herzegovina	**Italy**	**Serbia**
Bulgaria	**Republic of Korea**	**Slovakia**
Canada	**Kuwait**	**Slovenia**
China	**Latvia**	**South Africa**
Croatia	**Lithuania**	**Spain**
Cyprus	**Luxembourg**	**Sweden**
Czech Republic	**Malta**	**Switzerland**
Denmark	**Mexico**	**Tunisia**
Egypt	**Moldova**	**Turkey**

Estonia	**Morocco**	**Ukraine**
Finland	**Netherlands**	**United Arab Emirates**
France	**Norway**	**United Kingdom**
Georgia	**Poland**	**United States of America**
Germany	**Portugal**	**Uzbekistan**

C. INDIRECT TAXATION

Value Added Tax (VAT)

VAT, or Value Added Tax, is an indirect tax that is applied to the sale of goods and services. It is imposed by the seller but ultimately paid by the purchaser. The general principle is that the purchaser, if subject to VAT, can offset the input VAT (VAT paid on purchases) against the output VAT (VAT charged on sales) and remit any positive difference to the Greek State or request a refund.

VAT is applicable to various entities involved in the production, trade, or provision of goods and services, regardless of their location or intended purpose. This includes producers, merchants, and service suppliers. Essentially, anyone engaged in economic activities and involved in the supply chain is typically subject to VAT.

For those who are not subject to VAT, such as certain non-business individuals or entities, VAT represents a cost as they are unable to offset the input VAT against any output VAT. Therefore, they bear the full burden of VAT on their purchases.

Main Transactions Subject to VAT

Transactions within Greece	**Sale of goods** Supply of services Sale of new real estate
Cross border transactions	**Intra-community acquisition of goods** **Importation of goods** **Purchase of services from abroad** **Supply of goods and services to individuals in certain cases**

* For VAT purposes, the territory of Greece excludes Mount Athos.

VAT Rates

Although the general tax rules for VAT are set by the European Union, Greece has the authority to determine its own VAT rates within certain parameters. The exception is the minimum standard VAT rate, which must be set above 15%. Greece has the flexibility to establish reduced VAT rates for specific categories of goods as well. **It is crucial**

for companies to accurately apply the appropriate VAT rates, as they are responsible for any deficiencies that may arise from incorrect calculations or declarations.

The standard VAT rate in Greece is 24%. However, there are also reduced VAT rates applicable to specific goods and services. These reduced rates include 13% and 6%.

Additionally, there are preferential rates for certain islands in Greece, namely Chios, Kos, Leros, Lesbos, and Samos, set at 17%, 9%, and 4%, respectively.

Some services, such as health and medical services, are exempt from VAT, meaning they are not subject to any VAT charges.

Currently Applicable VAT Rates

Rate	Type	Goods / Services
24%	**Standard**	All other taxable goods and services.
17%	**Preferential**	All other taxable goods and services rendered to the islands of Chios, Kos, Leros, Lesbos, and Samos.
13%	**Reduced**	Some foodstuffs; certain takeaway food; some cut flowers and plants for food production; some non-alcoholic beverages; water supplies; some pharmaceutical products; some medical equipment for disabled persons; some agricultural supplies; domestic care services; hotel accommodation (bed and breakfast); certain social services; restaurant and catering (other than entertainment centers); services for boarding schools; structures for disabled persons; structures providing accommodation for mentally disabled persons, people with mental disorders and drug users.
9%	**Preferential**	Goods and services subject to the reduced rate rendered to the islands of Chios, Kos, Leros, Lesbos, and Samos.
6%	**Super Reduced**	Some pharmaceutical products; some books (excluding e-books); some newspapers and periodicals; certain theatre and concert admissions; supply of electricity, gas, and district heating.
4%	**Preferential**	Goods and services subject to the super-reduced rate rendered to the islands of Chios, Kos, Leros, Lesbos, and Samos.
0%	**Zero**	Intra-community and international air and sea transport.

Exemptions from VAT

In Greece, there are several transactions that are exempt from VAT. These include:

- Intra-community supplies and exportation of goods to registered entrepreneurs.
- Most services provided to foreign registered entrepreneurs.
- International transportation services.
- Education, insurance, financial services, and healthcare services.
- Transactions involving specific types of vessels and aircraft.

In addition to the exemptions, Greek tax law allows for the postponement or deferral of VAT payment under certain conditions. This option can be utilized in cases such as placing goods under special regimes or warehouses, or when importing new investment goods from non-EU countries.

Stamp Duty (Transactional Tax)

Stamp Duty, also known as Transactional Tax, is a tax imposed on certain types of transactions, documents, or instruments. It is a form of indirect tax that is levied on the transfer of assets, such as real estate, shares, or financial instruments.

In Greece, Stamp Duty is applicable to various transactions and legal documents, including property transfers, contracts, leases, and certain financial transactions. The rates and specific conditions for Stamp Duty in Greece are determined by Greek legislation.

Stamp Duty is typically calculated based on the value of the transaction or the document subject to the tax, and ranges from 1.2% to 3.6%. Failure to pay the required Stamp Duty can result in penalties and legal consequences. It is important for individuals and businesses to comply with the applicable Stamp Duty regulations and fulfill their tax obligations when engaging in relevant transactions or executing relevant documents.

Applicable Stamp Duty Rates

Rate	Type of Transaction
3.6%	Commercial leases*
2.4%	Commercial loan contracts (not applicable when the lender is a bank)
2.4% - 3.6%	Private loans (the rate will depend on the counterparty)
1.2%	Cash advance facilitations

** Unless they are subject to VAT.*

Capital Accumulation Tax Following Incorporation

The Capital Accumulation Tax in Greece is applicable to capital accumulation transactions and has recently been reduced from a rate of 1% to 0.5% for transactions occurring from 1 October 2021 onwards. This tax is imposed on capital accumulation, specifically share capital increases, by various entities including commercial companies, joint ventures, associations, and other forms of profit-oriented legal entities or partnerships. In contrast to the above, **capital accumulation tax does not apply to the incorporation or establishment of legal entities.**

In the case of Greek Société Anonyme (SA) companies, there is an additional duty of 0.1% on capital that is payable to the competition committee. Notwithstanding the above, said duty is not applicable to transactions effected under one of the tax incentive regimes for reorganization.

D. REAL ESTATE TAXATION

Annual Uniform Real Estate Property Tax (ENFIA)

Pursuant to Law No. 4223/2013, Greece imposes a Uniform Real Estate Property Tax (ENFIA) on properties located within the country. The tax applies to both natural and legal persons or any kind of legal entities who own real estate properties on January 1st of each year. It covers various types of real estate rights, including absolute ownership, bare ownership, usufruct, occupancy, surface rights, and contractual rights for the exclusive usage of parking spaces, ancillary areas, and swimming pools in common ownership areas.

To calculate and issue the ENFIA assessment, property owners must submit a declaration of real estate information (E9 form) upon acquiring a property. The assessment consists of the main tax and the supplementary tax.

The main tax is determined based on factors such as the location, area, use, age, floor, and number of façades of the building. It applies to both natural and legal persons.

The supplementary tax, on the other hand, applies only to legal persons and is calculated at a rate of 5.5‰ (five and a half per thousand) on the value of the real estate rights. If, however, the property is used by the owner for business activities, regardless of the field, the supplementary tax is calculated at a rate of 1‰ (one per thousand).

Taxpayers receive notifications regarding the declaration and administrative tax assessment through the online application of the website of the Independent Authority for Public Revenue (AADE), using their personal credentials. The AADE also sends notifications of administrative tax assessment acts via email to the address provided by the taxpayers.

Based on Arts. 22-27 of Law No. 5024/2023, various properties will be exempt from the 2023 ENFIA tax. This exemption shall apply to properties located in areas affected by natural phenomena and disasters, areas under forced expropriation, outside urban planning zones, as well as relocated settlements and communities or historical monuments and works of art.

To benefit from this exemption, eligible property owners must submit an application for the year 2023 to the tax administration, which shall be valid for the next two years.

It is vitally important for property owners to comply with the ENFIA requirements and submit the necessary declarations to ensure accurate assessment and payment of the tax. Consulting official sources and tax professionals can provide more detailed information and guidance regarding ENFIA obligations.

Special Real Estate Tax (SRET)

In cases where legal entities hold real estate and do not disclose their ultimate beneficial owners, a Special Real Estate Transfer Tax (SRET) is applicable at a rate of 15%. This tax is imposed on the deemed value of the property.

Even so, **there are certain exemptions available for companies with listed shares or in cases where the entire corporate ultimate beneficial owners' structure is disclosed.** These exemptions may provide relief from the application of the SRET.

Tax Treatment of Income from the Exploitation of Real Estate

Under the current tax regulations in Greece, the taxation of rental income depends on whether the recipient is an individual or a company.

For individuals receiving rental income, the following tax rates apply:

- **15% tax rate for rental income up to EUR 12,000.**
- **35% tax rate for rental income between EUR 12,001 and EUR 35,000.**
- **45% tax rate for rental income exceeding EUR 35,000.**

These tax rates are applicable after deducting certain minimal permitted deemed and actual expenses.

On the other hand, companies that earn rental income from the lease of real estate include it in their business profits. The net rental income is then subject to the standard corporate income tax rate of 29%.

Additionally, if the lessor is an enterprise, there is a 3.6% stamp duty applicable to the rental income. The burden of this duty can be either on the lessor or the lessee, depending on their agreement.

At the same time, it is also worth noting that the lessor and lessee have the option to choose for the commercial lease to be subject to VAT instead of stamp duty.

Real Estate Transfer VAT and Tax

The supply and lease of immovable property in Greece are typically exempt from VAT. Nevertheless, as of 1 January 2025, and unless a new extension of the relief is granted, VAT will be applicable if a new building is sold before its being first occupied. In such cases, the VAT rate is set at 24%.

Transfer tax is imposed on the acquisition of legal or economic ownership of Greek real estate and is the responsibility of the purchaser. The tax value of the real estate is subject to a tax rate of 3%. It is important to note that if VAT is charged on the sale of a new building, the 3% transfer tax is not applicable.

Capital Gains from the Alienation of Real Estate Properties Located in Greece

The Independent Authority for Public Revenues has recently issued a guidance regarding the taxation of capital gains resulting from the sale of real estate properties in Greece owned by individuals, whether they are local or foreign taxpayers. According to the Greek Income Tax Code individuals are subject to a 15% tax on capital gains, in general. Notwithstanding this, however, an exception has been put in place for individuals who sell real estate assets, as these gains are currently exempt from taxation until 31 December 2024.

In this context, it is important to note that individuals who are not registered with Greek tax authorities as conducting business activities in Greece may be subject to individual income taxes up to 44%, along with fines and penalties, if they execute at least three real estate sales transactions within a two-year period. The starting point for this two-year period is the date of the first real estate contract for the sale of the property. Selling multiple properties to the same buyer with one or more contracts on the same day is considered a single transaction. If, however, the properties are sold to the same buyer with contracts concluded on different dates, they are considered separate transactions. The criterion for determining the number of transactions is based on the number of different contracts concluded, not the actual number of real estate properties sold.

It should also be borne in mind that for real estate transactions that occurred prior to the 2019 tax year, even a single real estate sale could be characterized a business activity aimed at realizing gains, depending on the specific circumstances of each case. Factors that will be considered include the acquisition price, selling price, duration of property ownership, and any new constructions or improvements made to the property.

Lastly, it is important to remember that several exemptions apply to the aforementioned rules. For instance, the tax implications mentioned above do not apply in cases where the real estate properties are transferred to the taxpayer through inheritance or donation from close relatives up to the second degree. Additionally, if the taxpayer has owned the properties for more than five years, the tax rules mentioned above will also not be applicable. The rationale behind this is that, in these cases, the main purpose of acquiring the real estate properties was not to generate capital gains.

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