



Ecovis Hellas Newsletter

March 2024

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Summary

The Upcoming Legislation on Greek Jurisdiction.

In the last couple of months and up to February, significant changes have taken place in legislation regarding both tax and payroll issues. This newsletter attempts to set out the main changes that will occur as a consequence of the aforementioned changes. Starting from the tax issues we can briefly highlight the following which will be analysed in more detail below:

- › A reduction in the **ENFIA tax payable** in the event of prior insurance of the property is introduced
- › The **tax imposed on the concentration of capital** is reduced from 0.5% to **0.2%**. At the same time, by the decision of the Minister of Finance and the Governor of the Independent Public Revenue Authority, it is added to the list of privileged jurisdictions.
- › Separate from the tax reforms, there is also a reference to significant changes in the labour law regarding the **classification of an employee as a managerial staff member**.

Some of the measures are:

- An updated tax system for ENFIA Tax Reduction
- The further reduction of Capital Concentration Tax
- Clarification of whether a staff member falls into the regulations for managerial staff members.



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Uniform Real Estate Property Tax (ENFIA) reduction

Under **decision no. A. 1014/2023** requirements are set under which a reduction of the Uniform Real Estate Property Tax (**ENFIA**) for residences of natural persons insured for earthquake, fire and flood is granted.



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The proposed **10% reduction** in Uniform Real Estate Property Tax (ENFIA) on **insured homes** has specific criteria regarding the properties and rights affected. Only **individuals** who hold the right to a residence listed in the declaration of real estate data (**E9 declaration**) are eligible for the ENFIA reduction in 2024 if they meet the following conditions cumulatively:

- a. they were insured with an **insurance company registered in the Register of Insurance Companies** maintained by the Private Insurance Supervision Directorate of the Bank of Greece in 2023,
- b. the insurance policy covered **earthquake, fire, and flood risks** for at least three months during 2023, and
- c. the **insured capital for all three risks** collectively covers the total reconstruction value of the dwelling or dwellings.

The determination of the reconstruction value considers the combined area of the primary and ancillary rooms as stated in the E9 declaration. The reconstruction value is calculated at €1,000 per square meter, though for 2024 it stands at **€900** per square meter. No ENFIA reduction is provided if the insured amount in the insurance policy falls below the reconstruction value. The ENFIA reduction applies to situations where an individual is entitled to the insured dwelling per the E9 declaration, regardless of whether the individual is both the owner and insured or if a third party, either natural or legal, is the recipient of the insurance. To receive the reduction an **online** application must be submitted via the **myPROPERTY platform by 22.02.2024**.

Jurisdictions with preferential tax regime – list update

On December 27, 2023, Greece's Minister of Finance released Decision A.1205/2023, marking out the jurisdictions considered to **harbor a preferential tax regime for the fiscal year 2022**.

This decision acts as a supplement to Decision A.1160/2023, which outlines the **jurisdictions deemed noncooperative for tax purposes** during the same fiscal period, including states, jurisdictions, overseas territories, and territories

under any special connection or dependency regime. Notably, the updated list for fiscal year 2022, in contrast to the previous year's list (Decision A.1027/2023), **now includes Tokelau among the jurisdictions identified as having a preferential tax regime under the Greek Income Tax Code (GITC)**. As per domestic tax regulations, a jurisdiction falls under the category of having a preferential tax regime if **it either doesn't levy corporate income tax or imposes**

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it at a rate equal to or below 13.2%, which represents 60% of the Greek corporate income tax rate for income earned in fiscal year 2022, currently standing at 22%. This criterion applies even if the concerned jurisdiction happens to be a member state of the European Union.



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Monitoring the lists of jurisdictions deemed non-cooperative or possessing a preferential tax regime is crucial for enterprises, as payments to individuals or entities residing in these jurisdictions **might not be tax deductible**. According to the Greek Income Tax Code (GITC), **any payments to tax residents of these listed jurisdictions are initially presumed non-deductible for tax purposes, unless the taxpayer can substantiate that the payments are genuine and ordinary transactions without any intent of tax avoidance or evasion**. However, payments to residents of EU or European Economic Area (EEA) member states may still be **eligible for tax deduction**, contingent upon the existence of a legal framework facilitating information exchange between Greece and the respective state.

Find the link with the relevant decision here:

<https://www.aade.gr/egkykloi-kai-apofaseis/1205-19-12-2023>

Reduced rates for Capital Concentration Tax

The recent adjustments to the **capital accumulation tax amended under L. 5073/2023** have set the rate at **one-fifth (1/5) of a unit as a percentage (0.2%)** of the taxable value for transactions initiating tax liabilities from December 11, 2023, onwards. This tax applies specifically to the **augmentation of capital**, primarily through share capital increases. Commercial companies, joint ventures, associations, and **various profit-oriented entities are subject to this levy**, encompassing a broad spectrum of **corporate structures and legal entities**. Notably, branches of foreign companies are included within the ambit of this tax, except those originating from the European Union. Additionally, for **Greek Société Anonyme (SA) companies, an extra duty of 0.1%** on capital is obligatory, payable to the

competition committee. These measures aim to regulate and garner revenue from capital accumulation activities, ensuring a fair and transparent framework for financial transactions within the jurisdiction.



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Establishing whether a staff member falls within the category of the managerial staff member

The **Decision of Labour Minister under No. 113169/2023**, delineates the **criteria for categorizing employees as managerial staff**. This decision introduces several key modifications, outlined as follows:

1. Individuals fall into the category of managerial staff if they meet one or more of the following criteria:
 - a. They exercise managerial authority over other employees within the enterprise or **possess the autonomy to make independent decisions**.
 - b. They represent the enterprise and possess the authority to bind it vis-à-vis third parties.
 - c. They hold positions as members of the board of directors or equivalent governing bodies of the employer.
 - d. They are shareholders or partners holding more than 0.5% of the voting rights within the employer's structure.
2. Employees designated as heads of directorates, units, departments, or other autonomous organizational units specified in the employer's organizational chart are considered managerial staff. This classification applies when these employees are entrusted with supervising crucial, continuous, intermittent, or exceptional operations. Furthermore, they must receive remuneration at agreed monthly rates not less than **four times**

(instead of current four times provision) the applicable minimum wage.

3. Finally, individuals qualify as managerial staff if they receive monthly wages agreed upon, which are not less than **six times (instead of current eight times provision)** the applicable statutory minimum wage.



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These adjustments starting from the 1st of March 2024 aim to provide clarity and consistency in determining managerial status, ensuring equitable treatment and appropriate compensation for employees fulfilling managerial roles within an organization.

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About Ecovis Hellas

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