

# Tax - Breaking News

June 2021



Consistent with our commitment to keep you updated on the most significant tax developments, we outline below the most recent relief measures announced by the Greek Government for the recovery of the Greek economy following the coronavirus pandemic (COVID-19).

By virtue of the new **Law 4799 / 18.05.2021** issued by the Ministry of Finance, tax relief measures were introduced for both individuals and legal entities regarding *inter alia* the corporate income tax rate, the advance income tax and the solidarity tax.

## Corporate income tax rate

- **Reduction of corporate income tax rate:** The corporate income tax rate for legal entities is reduced from 24% (for fiscal years 2019 and 2020) to 22% as of fiscal year 2021 onwards.

## Advance income tax

- **Reduction of advance income tax for individuals:** The advance income tax is reduced from 100% to 55% of the total tax deriving from business income of an individual from fiscal year 2020 onwards, based on the tax return submitted by the individual taxpayer. In case such tax return includes income subject to withholding tax or income where the corresponding tax has already been paid, said tax is deducted against the income tax amount due. Furthermore, where an individual receives business income for the first time, the abovementioned reduced amount is limited to half the applicable rate.
- **Reduction of advance income tax for legal entities:** The advance income tax rate is reduced from 100% to 80% of the total amount of tax corresponding to the current fiscal year, based on the entity's filed tax returns from fiscal year 2021 onwards.

However, especially for fiscal year 2020, the advance income tax is further reduced at the rate of 70%

With respect to Greek financial institutions and Greek branches of foreign financial institutions, the respective advance income tax rate is concluded at 100% from fiscal year 2020 onwards.

## Solidarity tax & social security contributions

- **Suspension of payment of solidarity tax:** All taxable income of a taxpayer individual is exempted from solidarity tax for fiscal year 2021, with the exception of salaries from the public sector and pension income. Where an individual's taxable income is determined through the imputed income process, the aforementioned suspension applies only insofar as said individual's taxable income of the previous two (2) fiscal years was not determined by virtue of the imputed income process. The imposition of solidarity tax is also suspended for fiscal year 2022 in relation to the employment income for employees of the private sector. The aforementioned condition for the exemption from solidarity tax (applicable for fiscal year 2021) is applicable for fiscal year 2022 as well.
- **Reduction of social security contributions:** By virtue of Article 9 of Law 4756/2020 and respective Circular 9/2021 of Single Social Security Fund (EFKA), the rate of the social security contributions of the employees of the private sector is reduced by a total of three (3) percentage points.

## Sales tax on disposal of listed shares

- Clarifications and amendments have been introduced on what concerns the procedure for the remittance of the sales tax (currently 0.2% on the sale price of listed shares), which burdens the seller and is remitted by the custodian/person facing the Central Securities Depository (CSD).
- It is now explicitly stated in the law that in cases of late or non-remittance of the corresponding sales tax by the person facing the CSD, said person is subject to late payment interest and penalties as per the relevant provisions of Law 4174/2013.

- Moreover, on what concerns the sale of shares held in omnibus accounts by intermediaries registered at ATHEX, which are settled outside the CSD, the corresponding sales tax is calculated daily (on behalf of the seller) by the registered intermediary or any other intermediary in the chain of intermediaries and is remitted by each intermediary to the next one or to the registered one or to the person facing the CSD until the person facing the CSD and being liable for remitting the tax, remits it to the CSD. Where the late or inaccurate tax remittance by the person facing the CSD is due to some other intermediary's default, then the person facing the CSD has the right to attribute to said intermediary the penalties imposed to him. Where, following a tax audit, it is detected that some intermediary has not remitted the tax to the next one in the chain or to the registered intermediary or to the person facing the CSD, then the outstanding tax shall be assessed against the intermediary who was in default plus a penalty equal to the amount of outstanding tax.
- It is clarified that, apart from the sale of shares listed at ATHEX (settled both through the stock exchange and OTC), the sales tax is imposed also on the sale of shares listed at foreign stock exchanges or multilateral settlement mechanisms (where settled either through the stock exchange or OTC) except for cases where ATHEX has created a common electronic settlement system with such foreign stock exchange and on condition that such sales are subject to similar tax in the respective foreign jurisdiction.

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This Newsletter aims to provide the reader with general information on the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case.