

April 2022



Consistent with our commitment to provide [updated information](#) on current tax issues, we set down below some interesting tax provisions introduced by virtue of the recently published Law 4916/2022

The provisions of the recently issued Law 4916/2022 (FEK A' 65/28.03.2022) under the title **"Modernization of the framework of operation of the Capital Market Commission – State Contribution Program for vulnerable debtors until the transfer of their residence to the body responsible for the acquisition and leaseback as per chapter A of the second part of the third book of Law 4738/2020 – Incorporation of Directive (EU) 2020/1151 and Directive (EU) 2021/1159 into the Greek legislation, new reduced Unified Real Estate Ownership Tax (UREOT), urgent tax and customs regulations for the confrontation of the energy crisis and other provisions"** introduced, among other, certain interesting tax regulations.

Unified Real Estate Ownership Tax (UREOT / ENFIA)

- In order to rationalize and adjust the relevant provisions, given the introduction of the new starting prices for the calculation of the objective tax value of real estate properties, the supplementary tax previously imposed on individuals was abolished. In this context, the methodology for the calculation of the main tax for individuals has been re-determined, with such main tax now amounting to the aggregate of the main tax of all buildings and plots of land within and outside city limits, plus the newly introduced tax on the total value per right in rem to real estate.
- On the other hand, the methodology for the calculation of UREOT for legal entities has remained unaltered. Nevertheless, the tax rates and brackets for the calculation of the main tax imposed on buildings and plots of land are adjusted.

Changes in the calculation of the main tax

- By reducing the applicable tax rates and/or consolidating the tax brackets applicable for low and other of non high value tax zones, the main tax is reduced for tax zones up to EUR 4 000, whereas,

on the contrary, such main tax is increased for tax zones exceeding EUR 4 501.

- Furthermore, the main tax rates applicable to plots of land within city limits is reduced for all tax brackets.
- In addition, a new tax is imposed on the total value of rights in rem to real estate owned by individuals and a special methodology for the calculation of such tax is introduced. Said tax is calculated gradually, with a tax-free threshold for the first EUR 400 000, with tax rates ranging from 0.20% (for a total real estate value from EUR 400 001 to EUR 500 000) to 1% (for a total real estate value exceeding EUR 2 million). This provision does not apply where the total value of the real estate property owned by the individual does not exceed EUR 300 000, neither in case of rights on plots of land located outside the city limits or settlement plan.
- Finally, the main tax imposed on individuals is increased, if the total value of the real estate exceeds EUR 500 000. The applicable tax rates range from 5% (for real estate property up to EUR 650 000) to 20% (for real estate property exceeding EUR 1 million). The relevant provision does not apply to rights on plots of land located outside the city limits or settlement plan.

Other provisions

- Transitional provisions are introduced especially for year 2022, with the purpose of reducing the UREOT applying to real estate located in areas with a significant increase of objective tax values, provided that certain conditions are met.
- Some exemptions currently in force are extended to apply also for year 2022.
- The relevant discount applying to individuals owning real estate with a value of up to EUR 150 000 is increased, while the discount for

individuals with a total real estate value exceeding EUR 400 000 is abolished.

- The number of installments for the payment of UREOT is increased to ten (10) equal monthly installments, with each installment amounting to at least EUR 10.
- The deadline for the submission of real estate tax returns (E9 Form), which are submitted when there are changes in relation to real estate rights, is set to March 31 of the year following respective change, from the deadline of May 31 applying until today.

Income Tax Code (ITC)

Deadlines and other issues related to application of the tax regime of article 5C of L. 4172/2013

- On what concerns the procedure for applying for the special tax regime for employment income and income from business activity gained in Greece by individuals who transfer their tax residence into Greece (provisions of article 5C of L. 4172/2013), the new law provides that if the individuals undertake their employment or commence their business activity until the 2nd of July of a certain year, then the relevant application for submission to the above mentioned special tax regime shall be filed until the end of this particular year and will be examined with reference to this particular year (i.e. the year of undertaking the employment or commencement of the business activity). The application can be submitted within the year following the year of undertaking the employment or commencement of the business activity, but in such a case the application will be examined with reference to this subsequent year. If, on the other hand, the undertaking of the employment or commencement of the business activity takes place after the 2nd of July, the application shall refer to the year following that of the commencement and shall be submitted until the end of this year. The above apply for applications where the employment or business activity commenced as of 1 January 2022 onwards.
- It is clarified that the provisions concerning submission to the special tax regime of article 5C apply exclusively for covering new employment positions.
- Pending applications for submission to the tax regime of article 5C or applications submitted until 30 June 2022 concerning commencement of employment or of business activity that took place until 31 July 2021, shall be examined for submission to the tax regime of 5C for the year 2021.

Interest limitation rule – Amendment of article 49 of L. 4172/2013

- As a deviation from the general interest limitation rule, which is introduced by article 49 of L. 4172/2013, it is provided that as of 28 March 2022 and under certain conditions, there is a possibility for full tax deduction or tax deduction exceeding the percentage introduced by

the law (30%) on what concerns the excessive borrowing cost of taxpayers that belong to a consolidated group. In particular, the taxpayers can deduct the excessive borrowing cost:

- **in full**, on condition that they can prove that the percentage of the share capital in relation to their total assets is equal or higher or lower by no more than two (2) percentage points when compared to the respective percentage of the consolidated group, provided that all assets and liabilities are valued based on the same method as in the consolidated financial statements, or
- **for an amount higher than the amount they would be eligible** to deduct based on the general interest limitation rule. This higher amount of tax deduction is calculated as follows: at a first stage, the group percentage should be determined by dividing the excessive borrowing cost of the consolidated group towards third parties with the EBITDA of the group; and at the second stage, the group percentage is multiplied with the EBITDA of the taxpayer.

- The amended provision shall need to be further clarified on what concerns the extent of qualifying enterprises to which it applies

Payment of income tax in 8 monthly installments – Amendment of article 72 L. 4172/2013

- Payment of income tax for tax year 2021 can be made in eight (8) equal monthly installments both in the case of individuals and of legal entities.
- On what concerns legal entities, the first installment should be paid until the last working day of the month following the filing deadline of the income tax return and each one of the remaining seven installments should be paid until the last working day of the following seven months.
- On what concerns individuals, the first installment should be paid until the last working day of July 2022 and each one of the remaining seven installments should be paid until the last working day of the following seven months.

Discount in case of payment of income tax in one lump sum – Amendment of article 72 of L.4172/2013

In case income tax of individuals due for tax year 2021, as assessed on the basis of their timely filed personal income tax return, is paid in one lump sum within the deadline for payment of the first installment (i.e. until 29 July 2022), there will be a 3% discount applicable on the total amount of tax due and other jointly assessed duties.

Family offices – Amendment of article 71H of L.4172/2013

The existing framework for the establishment and operation of family offices, i.e. special purpose vehicles for the administration of family assets, is amended so as to extend its scope of activities. In particular, the scope of activities of family offices shall also include, retroactively from the tax year 2021, the administration/management of all expenses incurred by

the involved individuals to cover their needs and in general all their living expenses and expenses incurred for their charitable and cultural activities.

Tax Procedure Code

No penalties imposed for tax amounts up to EUR one hundred – Amendment of article 54 of L.4174/2013

From the date the new law was published (i.e. from 28 March 2022) and onwards, no penalties shall be imposed in case of filing of late amended personal income tax returns when the tax due, as compared to the original personal income tax return, is up to EUR one hundred (100).

Value Added Tax (VAT)

Extension of the deadline for filing an application by building constructors for submission to the VAT suspension regime

For building permits issued until 31 December 2021, the period within which constructors of buildings for sale can opt to apply for the VAT-suspension regime, so that the transfer of respective buildings may not be burdened with VAT, is extended to 30 June 2022. In these cases, such persons would not have the right to deduct the relevant input VAT. For building permits issued as of 1 January 2022 onwards, the relevant period, within which the constructor may opt to apply for the VAT-suspension regime, is set to six (6) months.

Code of Inheritance Tax, Donation Tax and Parental Donation Tax

Exemption of foreign joint bank accounts from inheritance tax – Amendment of article 25 of L.2961/2001

The exemption of joint bank accounts from inheritance tax is extended to cover also joint bank accounts maintained in foreign banks, and all types of joint investment products, in EUR or any foreign currency, which are acquired automatically by the surviving account holders, and up to the last one of these account holders (however not applying to their own heirs). This exemption applies to cases where the tax liability is born as of 28 March 2022 and it is not applicable where the abovementioned joint bank accounts or investment products are maintained in con-cooperative jurisdictions according to the Greek tax legislation or in States that have not signed and do not apply with respect to Greece the Multilateral Agreement for the Exchange of Information of Financial Accounts.

Law on Corporations (Societes Anonymes)

Setting off company losses against share premium amounts arising from issuance of shares – Amendment of article 35 of L.4548/2018

In order to enable the setting off of share premium amounts against losses of a Greek Societe Anonyme, as provided in article 35 of L.4548/2018 on Societes Anonymes, the precondition of not having other reserves which, according to the law, could be used for setting off the losses has been abolished. As a result, the setting off can be performed by virtue of relevant resolution of the general meeting of shareholders without the above precondition.

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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.