Investment in Greece

A practical Investor's Guide to the Tax and Regulatory landscape in Greece

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Preface

Investment in Greece sets out to provide concise information on matters important to those contemplating making investments or carrying out business in Greece as well as for those doing business from abroad. Although addressed to foreign investors and businesses, the information is equally useful for domestic investors and businesses. This guide has been prepared by KPMG in Greece in co-operation with Papacostopoulos - Grigoriadou and Associates, Law Firm (CPA Law), independent member of KPMG International Legal and Tax network.

With Greece emerging from years of recession and economic uncertainty, many investors are exploring investment opportunities. Foreign investment is welcome in Greece and in order to provide a useful tool, the tax and regulatory framework as well as available incentives are presented in this guide.

The intention is for all relevant areas to be covered in a succinct and informative manner. However, the information provided can only be general in nature and cannot provide the comprehensive and detailed guidance necessary to formulate specific investment decisions. Furthermore, relevant legislation and detailed regulations are subject to change.

KPMG would be pleased to assist you in evaluating and implementing your investment plans. For details on services available and how to contact KPMG in Greece, please visit our site www.kpmg.com/gr.

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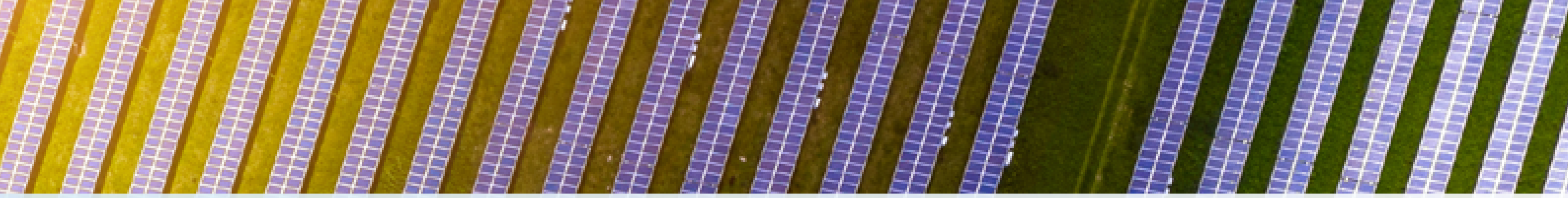
** based on published laws and information available as of 31 July 2022*



Chapter 5 / Taxation of Individuals

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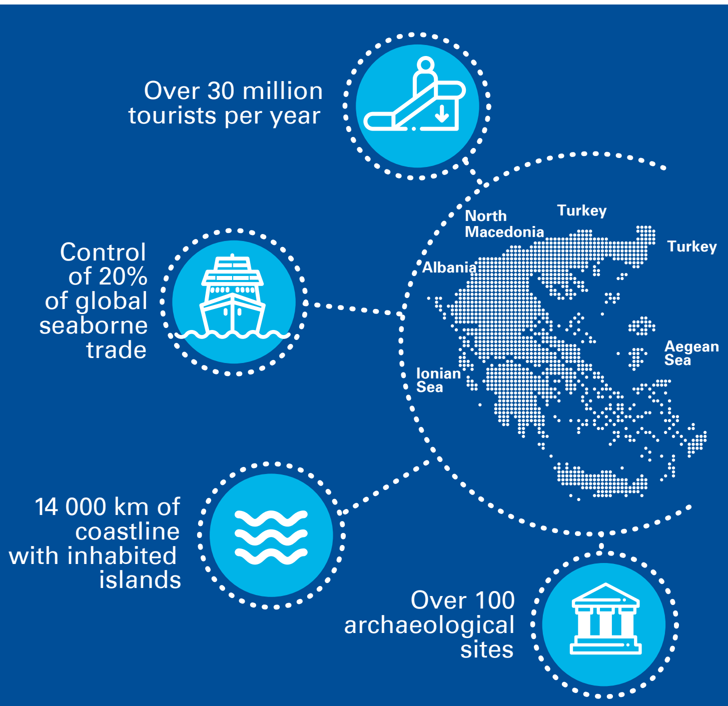
About KPMG

1 Country outline



Country snapshot

Capital	**Athens**
Area	**131 957 sqkm**
Population (2011)	**10 816 286**
Cities with over 200 000 residents	**Athens, Thessaloniki, Patras, Heraklion**
Number of regions	**13 (peripheries)**
President	**Katerina Sakellaropoulou**
Prime Minister	**Kyriakos Mitsotakis**
Currency	**Euro (€)**

Geography, climate and country features

With the European Union (EU) operating as a single market, Greece (Hellas) is well located as an entry point to and from the EU for the Middle East, North Africa and some Balkan countries. Greece enjoys a temperate Mediterranean climate with temperatures normally ranging from 28°C to 35°C in the summer and from 5°C to 18°C in the winter. Its history, monuments, culture, pleasant year-round climatic conditions and beautiful nature (including countless beaches) have positioned Greece as a competitive worldwide tourist destination.

History and government

Greek (Hellenic) civilization dates back to ancient times and Greece is famous for giving birth to democracy. Throughout its long history, Greece's borders expanded and retracted continuously. Despite being under foreign rule at various times (Roman, Ottoman), since 1830 Greece emerged as an independent nation retaining its traditions and language.

Greece is a Parliamentary Democracy with a unicameral parliament. The head of the State is the President, who is elected by the Parliament. The functions of the State are the executive, the legislative and the judicial. The executive branch (Government) comprises the Prime Minister, who is normally the leader of the political party with the majority of Parliamentary seats, the cabinet members who function as heads of the various Ministries, and the President. For administrative purposes, Greece is divided into 13 regions (called "peripheries") which are first-level administrative entities governed by "Peripheriarches", elected every five years. The legislative authority is the President and the Parliament which comprises 300 members elected by popular vote. Laws are voted on by the Parliament and ratified for enactment by the President. The judicial branch is independent of the Parliament and Government and is divided into civil, criminal and administrative divisions.

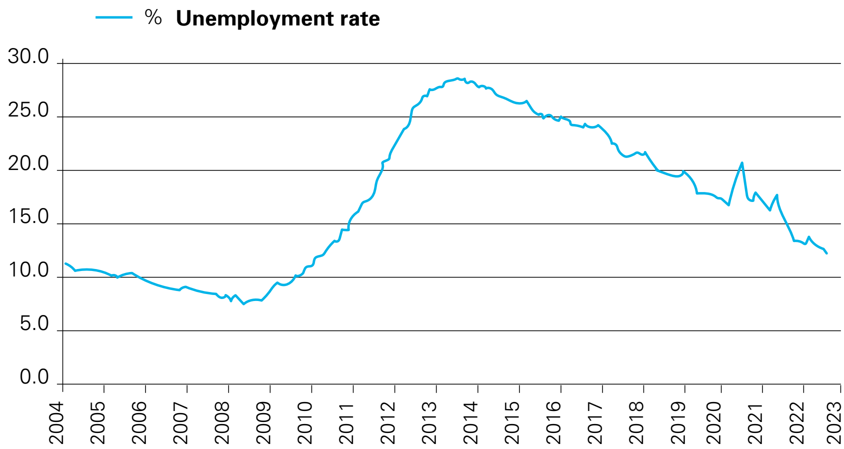
Greece is a member of numerous international bodies including the United Nations, the European Union, the North Atlantic Treaty Organization (NATO), the International Monetary Fund (IMF), the Organization of Economic Cooperation and Development (OECD) and the Council of Europe.

Population and language

Greece's population is presently just below 10.5 million whereas the working population is about 4 million. The population is predominately homogeneous, with the Attica area, and to a lesser extent in the other major cities and some rural areas, hosting minority international communities.

The officially published unemployment figures indicate that the rate of seasonally adjusted unemployment in June 2022 was 12.1%, declining during the last seven (7) years. A large portion (34%) of the working population is self-employed.

Greek is the official language whereas English is also widely spoken, followed by French and German.



Source: Hellenic Statistical Authority

Living and working conditions

Visa requirements/residence permit

Citizens of EU member states must obtain the appropriate type of Certificate of Registration of an EU Citizen if they wish to work in Greece or wish to take up residence in Greece (a visit of up to three months does not require a permit). The same Certificate is required for citizens of states of the European Economic Area (Iceland, Liechtenstein and Norway) and for Swiss citizens. If they wish to reside and work in Greece, citizens of countries outside the EU/EEA must obtain an entry visa issued by the Greek Consulate at their place of residence before arriving in Greece. After arriving in Greece, they must then obtain a residence permit for working purposes (see further details on visa/work permit requirements under the relevant section in chapter 6).

Greece also has a Golden Visa program allowing non-EU citizens who make certain investments in Greece (real estate, bank deposits, investments in certain securities etc.) to reside in Greece with access to visit all EU countries. Furthermore, up to 3 residence permits, depending on the investment scale, can be granted to third country shareholders or executives of a foreign legal entity realizing an investment in Greece. In addition, up to 10 residence permits, depending again on the investment scale, can also be granted to company executives involved in the implementation and/or the operation of an investment project.

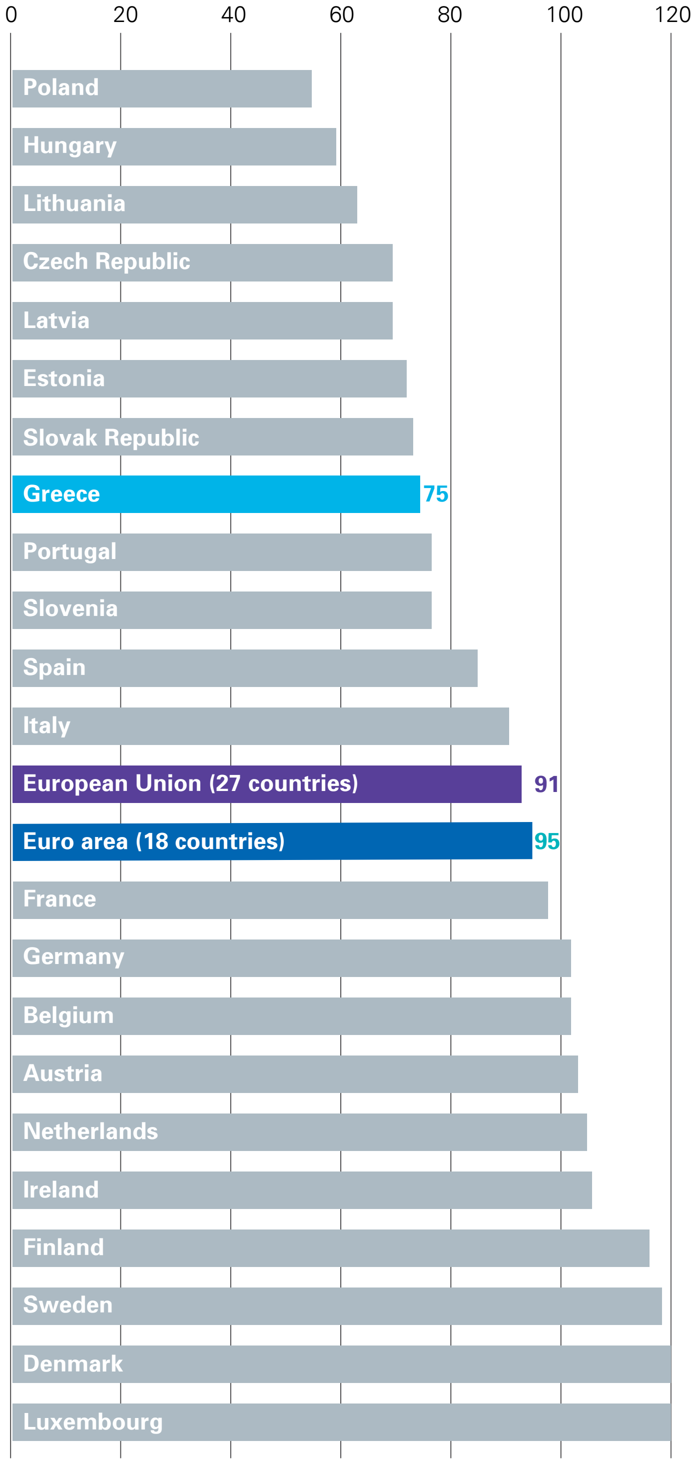
Working hours

Normal banking hours are 8:00 a.m. to 2:30 p.m. Monday to Thursday and 8:00 a.m. to 2:00 p.m. on Friday. Some banks have extended banking hours in certain branches. The public sector's hours for the public are generally the same as banking hours. Private sector office hours may vary but are generally 9:00 a.m. to 5:00 p.m. Monday to Friday. Stores are open generally from 9:00 a.m. to 3:00 p.m. on Mondays, Wednesdays and Saturdays and generally from 9:00 a.m. to 9:00 p.m. on Tuesdays, Thursdays and Fridays (some close between 2:30 p.m. and 5:00 p.m.). Department stores and supermarkets have continuous hours, generally from 9:00 a.m. to as late as 9:00 p.m. between Monday to Friday and up to 8:00 p.m. on Saturday. Finally, retail stores in specific touristic areas are allowed to voluntarily operate on Sundays between May and October. Shops, department stores and supermarkets are also open on designated Sundays, normally coinciding with certain holiday periods and sales periods.

Cost of living

According to the latest OECD reports (2021), Greece's price level index is 75 which is slowly converging to EU levels (EU 27 countries' average is 91).

Price level indices Total OECD-100 2017



Source: OECD (2021)

Housing

Good quality housing built to high modern standards is available. Most expatriates choose to rent housing. Furthermore, as already mentioned above, the golden visa incentive is available for those citizens of non-EU countries who invest in real estate.

Education

Free public education in the Greek language is available through to university level (graduate level). Foreign students need to obtain a valid visa, and residence permit and must successfully pass relevant examinations in the Greek language. Some universities offer post-graduate studies in foreign languages (mainly in English) as well. In addition, there are many private colleges (undergraduate and graduate) and schools operating in major cities. A significant number of private schools are foreign, offering education in English, French, German, Italian, Japanese and Arabic.

Infrastructure projects

In the course of preparing for the 2004 Olympic Games, Athens' infrastructure underwent major changes: a new International Airport (Eleftherios Venizelos International Airport) and new subway lines, improvement of existing and construction of new freeways, a ring road around the city and other infrastructure and technology projects were completed. Other non-games infrastructure projects include the completion of four major national freeways. The Egnatia Odos freeway crossing Northern Greece from West to East, the freeway from Corinth to Kalamata crossing the interior of the Peloponnese diagonally, the Ionia Odos freeway bordering Western Greece from North to South over the Rio Antirio Bridge and the Olympia Odos freeway connecting Athens to Patras. Further, a number of new subway stations were constructed along the existing subway lines in Athens and the expansion of existing and construction of new subway lines are in the planning process. Construction is also underway on the subway in Thessaloniki. Improvement of the national railway network is expected to be a focus in the coming years.

Telecoms and technology infrastructures in Greece are considered advanced.

Greece's transport system and logistics centers are well complemented by its numerous ports (16 international ones with the largest one in Piraeus followed by Thessaloniki, Patras and Igoumenitsa out of over 140 ports in total). Its port infrastructure is being constantly improved as it is a significant point of entry for both cargo and passengers. In addition, there are 44 airports in Greece, 15 of which are international with the major international ones being in Athens, Thessaloniki, Crete, Rhodes and certain other islands.

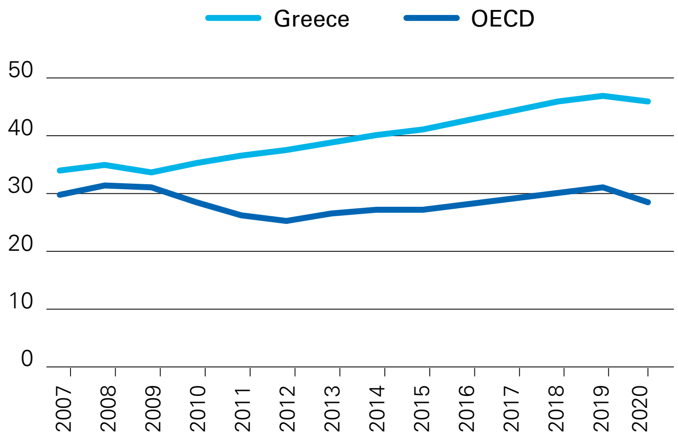
The Stavros' Niarchos Cultural Centre in Palaio Faliro and the Rethink Athens downtown (re) development project have added to Athens' cultural scene. Once the Hellinikon project is completed, Athens will reach an even higher cultural and leisure level.

2 Opportunities for international investors

The economy

Greece's economic recovery is now evident following an unprecedented depression. GDP started to recover after having fallen by a quarter from 2008 to 2016 combined with a primary budget surplus for the first time after decades. The significant fiscal adjustment which occurred over the previous years resulted in eliminating an important portion of macroeconomic imbalances and to finally exit the economic adjustment programs' era in August 2018. Before the pandemic and the energy crisis hit, the Greek economy had been expanding for over three years at just below 2% average annual growth. Greece's GDP increased by 8.3% in 2021 and is projected to increase by 4% in 2022, before growth moderates in 2023.

Real GDP per capita, thousand USD PPP



Source: OECD Economic Surveys – Greece 2021 (database)

Major Business Sectors

One of the national strategic targets has traditionally been the establishment of Greece as an international center for education, tourism, shipping, banking, and commerce. Other strong economic sectors include agriculture, services, manufacturing, high tech, construction, and those related to natural resources. The country is relatively rich in lignite, bauxite and magnesium. Commercially exploitable oil and gas has been discovered in the northern part of the country and in the Aegean Sea. Oil exploration and exploitation contracts covering other areas of Western Greece were concluded between the Greek State and a number of foreign companies.

Attitudes toward foreign investment

Greece's goal for the upcoming years is to attract foreign direct investment. Conditions are being introduced to foster new investments, to create new jobs, to promote regionalization and to boost healthy competition. In order to reduce bureaucracy, Greece established local Investment Centers mandated to facilitate investors to acquire necessary licenses and permits required by Greek law and introduced procedures to expedite the establishment of legal entities.

According to the latest (provisional) data from the Bank of Greece, net inflows of foreign direct investment (FDI) in Greece for 2021 amounted to EUR 4.8 billion (the highest figure in the last twenty years) compared to EUR 4.5 million in 2019 and EUR 2.8 million in 2020. Such investment comes mainly from Luxembourg, United Kingdom, Switzerland, United States, Germany, Cyprus, France, Netherlands and China/ Hong Kong. Net FDI inflows by sector of economic activity in Greece in recent years focused mainly in the tertiary sector (77%), followed by the secondary sector (9%) by a significant margin. The majority of developed countries show a similar structure of FDI.

Factors for investors to consider

Strategic Position

Greece connects three continents, Europe with Asia and Africa

Climate

Greek climate is predominantly Mediterranean

Human Capital (unemployment)

Unemployment Rate 12.1% (June '22)

** 2017 data*

Educational level for unemployed

145.6 thousand in tertiary sector

248.4 thousand in tertiary sector

Infrastructure

- Railways total: 2 265 km
- Roadways total: 117 000 km
- 45 airports
- Many seaports - *16 of them are international*

Telecommunications

- Copper (including VDSL lines): 4 742 229 lines
- Optical fiber (excluding VDSL lines): 5 550 lines
- Fixed Wireless Access: 1 914

** Source EETT*

Power and Energy

Availability of renewable energy potential (wind, hydro, biomass, geothermal, solar and solar thermal)

ICT Implementations

- Quick adoption of new technology
- Available ICT Infrastructure
- Digitalization of public sector
- Continuous Research

Macroeconomic indicators

GDP (Constant prices in 2010) projection +4,0% and inflation (Annual Average) is 2,1% (2021)

Incentives

The Greek government enacted various initiatives designed to foster growth in certain sectors of the economy, encourage investment in rural areas, and attract foreign investment. The major ones are summarized below.

- Investment Law (4887/2022) offers incentives covering from 10% to 80% of eligible investment expenses, depending on the size of the business and the region of implementation.
- The Law for "Acceleration and Transparency of Implementation of Strategic Investments" or Fast Track Law (4864/2021) as amended, assists the Greek Government to provide a stable and transparent set of investment rules, procedures and administrative structures for the implementation of large-scale public and private projects and emblematic projects.
- Financial incentives for intragroup services in Greece, e.g. datahubs, central services hubs.
- Recovery and Resilience Facility (RRF) utilizes EUR 31.16 billion in investment resources, of which 30,5 billion European funds (EUR 18.43 billion in grants and EUR 12.73 billion in loans) which will mobilize a total of EUR 60 billion in investments in the country over the next five years, focusing on four pillars (Green Transition, Digital Transformation, Employment, skills & social cohesion and Private Investments & Transformation of the economy).
- Public-Private Partnerships (PPP) lay the foundation for active development of state-owned real estate and more efficient provision of public goods and services through partnerships with the private sector.
- NSRF Funds' Absorption (National Strategic Reference Framework): Greece will receive a total of EUR 26.2 billion (of which EUR 21 billion comes from the EU – MFF and approximately EUR 5.3 billion are national funds) to support projects that involve a green and digital economy; more social cohesion; a holistic approach to the fisheries, aquaculture and maritime sectors; and a digital society.
- Hellenic Development Bank: the state-owned financing intermediary offers low-cost financing solutions to national MSMEs which have limited access to customary bank financing.

Financial Institutions offer entrepreneurs a wide selection of customized financial instruments and complement the above to cover financing needs that cannot be met from other sources, including from shareholder capital. The institutions that play a crucial role for direct investments are: European Bank for Reconstruction and Development (EBRD), International Finance Corporation, Black Sea Trade and Development Bank.

Incentives under Investment Law 4887/2022

The main features of this law are set out below.

Key objectives - Schemes

The purpose of this Law is to promote the economic development of the country by providing incentives in specific activities and sectors. The law includes 13 thematic Schemes:

1. Digital and technological transformation of companies
2. Green transition - Environmental upgrade of businesses
3. New Entrepreneurship
4. Just Transition Regime
5. Research and applied innovation
6. Agri-food - primary production & processing of agricultural products – fisheries & Aquaculture
7. Manufacturing - Supply chain
8. Business extroversion
9. Tourism
10. Alternative forms of tourism
11. Large investments
12. European value chains
13. Entrepreneurship 360°

Terms and conditions for participation

Types and minimum size of Investment

In order to be eligible, the beneficiary must submit a written application for participation in the aid scheme before implementation of the investment plan. An outline of the procedure is set out in the relevant section below.

Types of investment plan - Initial investment
Each investment plan must meet the obligation of "initial investment":
Development of a new plant
Capacity expansion of an existing plant
Diversification of a plant's production
Substantial modification of the entire production procedure of an existing plant

In certain Schemes, it is possible to avoid the "initial investment" obligation, if the investment plan involves Research & Development, Environment protection, Training or Employment of disadvantaged / disabled personnel.

Minimum investment amount (in EUR)	
Large companies	1 000 000
Medium companies	500 000
Small companies	250 000
Very small companies	150 000
Social Cooperative Companies (SoCC)	50 000

Entity participation in the investment cost

The participation of the entity in the investment project can be either through own funds or through external financing, provided that 25% of the total eligible investment cost is not funded by state aid, support or subsidy.

Non eligible activities and eligible expenses

Non eligible activities
In accordance with the provisions of the General Block Exemption Regulation, the sectors of: Steel, Synthetic fibers, Coal, Shipbuilding production, Energy and related infrastructure, Transport and related infrastructure
Based on the Business Activity Codes (NACE* code or ΚΑΔ**) indicatively: Commerce, Food and beverage services, Education, Construction, Health, Banking, Insurance, Gambling

By exemption, in the sector of energy production, distribution and infrastructure, the following projects are eligible for state aid:

- Small hydropower plants with an installed capacity of up to 15 MW.
- High-efficiency Renewable Energy Sources (RES) cogeneration units.
- RES hybrid stations in Crete Electrical System (must be set on test operation before the completion and electrification of the Crete – Attika interconnection), or in the Non-Interconnected Islands.
- Production of heat and cooling from RES.
- Energy efficient district heating and cooling.
- Production of sustainable biofuels (not based on food-based plants and not subject to a supply or blending obligation). Also, investments aiming to convert existing food-based biofuel production units into sustainable biofuel production units.

By exemption, in the sector of transport and related infrastructure, eligible for state aid are projects regarding Marina services, Water-airport services, Third party logistics, Parking facilities and Electrical vehicle charging on islands.

**NACE: Nomenclature statistique des activités économiques dans la Communauté européenne*
***ΚΑΔ: Κωδικός Αριθμός Δραστηριότητας*

Eligible expenses

Eligible expenses for regional state aid (constitute the base of each investment plan)

a. Investment expenses for tangible assets

Buildings (up to 45% of the total cost, 60% for tourism and greenhouses, 70% for logistics, 80% for listed historical buildings), purchase of fixed assets, purchase of new contemporary machinery and other equipment, financial leases, expenses for upgrading special facilities

AND

b. Investment expenses for intangible assets

Transfer of technology through acquisition of intellectual property rights, licensing, patents, knowhow and nonregistered technical knowledge, quality assurance and control systems, certifications, purchase and installation of software and business organization systems.

OR alternatively to a) and b) above
c. the payroll cost of new jobs created as a result of the implementation of the investment plan, for a period of two years from the creation of each position.

Eligible expenses for non-regional state aid (supplementary to regional aid)

A wide range of aids from other articles of the General Block Exemption Regulations is available, depending on the Scheme:

- Aid for consultancy in favor of SMEs (Art.18)
- Aid to SMEs for participation in fairs (Art.19)
- Aid for start-ups (Art.22)
- Aid for research and development projects (Art.25)
- Innovation aid for SMEs (Art.28)
- Aid for process and organizational innovation (Art.29)
- Aid for environmental protection (Art.36)
- Training Aid (Art.31)
- Investment aid for energy efficiency measures (Art.38)
- Investment aid for high-efficiency cogeneration (Art.40)
- Investment aid for the promotion of energy from renewable sources (Art.41)
- Investment aid for remediation of contaminated sites (Art.45)
- Investment aid for energy efficient district heating and cooling (Art.46)
- Investment aid for waste recycling and re-utilization (Art.47)
- Wage Subsidy or Training Aid for disadvantaged / disabled personnel

Types of aid available

The types of incentives available for qualifying investments are the following:

1. Tax exemption: Exemption from payment of income tax on profits arising from current tax legislation.
2. Subsidy: Provision of funds by the State to cover a portion of eligible expenses of the investment plan, determined as a percentage of the total investment cost.
3. Leasing subsidy: The State covers a portion of the installments paid pursuant to a leasing agreement concluded for the purchase of new machinery and other equipment, where the total duration of the leasing agreement cannot exceed 7 years.
4. Wage subsidy (for jobs created): The State covers the cost of new jobs created which are associated with the investment plan.
5. Risk financing (only available to new entrepreneurship scheme): provision of aid for either the interest rate of reduced collateral loans, or the insurance costs of high-risk loans.
6. Fast track licensing (only available to Just Transition and Large Investments schemes)

Level of aid provided

For expenses of regional aid, the levels of aid to be provided range from 15% to 80 % of the investment/ expenses and are determined by the Regional Aid Map (RAM) depending on the region where the investment is implemented and the size of the company.

For non-regional aid expenses, up to the amount determined for each expense.

The maximum level of aid available from Law 4887/2022 is:

- Up to EUR 10 million per investment plan, depending on the Scheme.
- EUR 20 million per company, and
- EUR 30 million per corporate group.

The above upper limits per company/ corporate group are increased by fifty percent in cases where the aid is granted in the form of tax exemption.

The maximum level of aid for projects avoiding the obligation of the “initial investment” (Research & Development, Environment protection, Training or Employment of disadvantaged / disabled personnel) is EUR 1 million per investment plan.

Evaluation submission procedures and costs

The procedure is handled by the Investment Law Information System and is monitored by the competent authority based on standard procedures. An evaluator will be assigned, and the evaluation results are verified by an Investment Plans Evaluation Committee consisting of 3-5 officers of the relevant authority. The evaluation is performed either with the comparative or the direct evaluation method, depending on the Scheme.

The application of the investment projects require a fee set at 0.1% of the eligible amount of the investment project (min EUR 300).

Strategic Investments under Law 4864/2021

Strategic Investments under this law are considered to be investments of **strategic importance for the national and/or the local economy**.

Investments Categories

Investments are categorized according to the incentive granted:

- Strategic Investments 1
- Strategic Investments 2
- Emblematic Investments of Exceptional Importance
- Fast Track Strategic Investments
- Automatically included Strategic Investments

Incentives Types

- Incentives for spatial development
- Tax incentives (stabilization of the tax rate, tax exemption, acceleration of the tax depreciations of the assets, depreciation of machinery and equipment for manufacturing companies)
- Fast Track licensing
- Expenditure aid:
    - For the recruitment of disadvantaged / disabled personnel
    - Grants for R&D projects in Industrial Research, Experimental Development or Feasibility Studies.
    - Emblematic investments can also receive aid in the form of (i) Expenditure Grants (20% haircut if not in delignitization zone), or (ii) State paying for leasing costs, or (iii) State paying for payroll cost. Necessary condition for the provision of these aids, is the project to be completed by 31 Dec 2025.

Eligibility Requirements

The eligibility requirements and the investment incentives by category are the following:

Category	Annual Work Units (AWU)	Total Budget	Incentives (solely or jointly)
A. Strategic Investments 1	a. Regardless any threshold	Exceeding EUR 75 mil	• Spatial development incentives • Tax rate stabilization • Fast Track licensing
	b. At least 75 new AWU	Exceeding EUR 40 mil	• Spatial development incentives • All Tax Incentives • Fast Track licensing • Expenditure aid for recruiting disadvantaged / disabled personnel or for R&D
B. Strategic Investments 2	a. Regardless any threshold	Exceeding EUR 20 mil in one of Agro, R&D, bio tech, culture industry (movies), robotics, AI, medical tourism, waste mgt, space / or Exceeding EUR 20 mil in digital transformation or cloud computing	• All Tax Incentives • Fast Track licensing • Expenditure aid for recruiting disadvantaged / disabled personnel or for R&D
	b. At least 50 new AWU	Exceeding EUR 30 mil	• All Tax Incentives • Fast Track licensing • Expenditure aid for recruiting disadvantaged / disabled personnel
	c. At least 40 new AWU	Exceeding EUR 20 mil within Organized Manufacturing and Business Operators	• All Tax Incentives • Fast Track licensing • Expenditure aid for recruiting disadvantaged / disabled personnel
C. Emblematic Investments of Exceptional Importance	Regardless any threshold	Regardless any threshold	• Spatial development incentives • All Tax Incentives • Fast Track licensing • All Expenditure aids (conditions apply)
D. Fast Track Strategic Investments	1. At least 30 new AWU	Exceeding EUR 20 mil	• Fast Track licensing • Expenditure aid for recruiting disadvantaged / disabled personnel
	2. At least 30 new AWU	Exceeding EUR 10 mil and are part of a **finished** Strategic Investment	• Fast Track licensing • Expenditure aid for recruiting disadvantaged / disabled personnel
	3. Maintain at least 100 existing AWU	Exceeding EUR 15 mil Are current investments (strategic **or not**) regarding reengineering/ upgrading/ expanding facilities.	• Fast Track licensing
E. Automatically included Strategic Investments	1. Regardless any threshold	Exceeding EUR 20 mil Approved Public and Private Partnerships (PPP) Projects of Common Interest (PCI) & IPCEI	• Tax rate stabilization • Fast Track licensing
	2. Regardless any threshold	Exceeding EUR 10 mil For development of Business Parks (at least 500 acres) of L.3982/2011	• Spatial development incentives • All Tax Incentives • Fast Track licensing

Emblematic Investments of Exceptional Importance

Investments implemented by distinguished legal entities, which promote the green economy, innovation, technology and the economy of low energy and environmental footprint and especially in this sector the infrastructure investments with specific energy criteria for the construction of new buildings, systems that combine RES power station and production of "green" hydrogen, as long as the power produced is exclusively used for hydrogen production, electricity storage systems for power produced from RES (for applications up to 1/11/2021), offshore wind or floating photovoltaic parks, and investments which significantly strengthen the Greek economy and its international competitiveness.

Energy Investments

In order for **Energy investments** to qualify as Strategic investments of categories A, B, C or D, they must meet both the following specific criteria, on top of the general strategic investments criteria:

A) Belong to one of the following categories:

aa) Systems that combine RES power station and production of "green" hydrogen, as long as the power produced is exclusively used for Hydrogen production

ab) Installation of offshore wind or/and floating photovoltaic parks,

ac) RES projects interconnecting areas of Greece (which are not yet interconnected and not included in the plan to interconnect of the approved 10-year Development Plan of the National Electricity Transmission System, as in force at the time of application submission) via submarine cable to the National Electricity Transmission System.

ad) RES projects of fully controlled electricity generation according to par. 14 of article 2 of law 4414/2016 (A' 149) (Power stations utilizing Biomass / Biogas, Geothermal, Solar Thermal stations)

ae) Storage systems for electricity produced by RES.

B) Have a budget > EUR 75 mil unless the investment qualifies as "Emblematic", in which case the aforementioned threshold is abolished.

Procedure

Evaluation and inclusion

Submission of application to Enterprise Greece, accompanied by business plan, timetable, budget analysis, direct and indirect impact assessment and other necessary information.

Assessment of file's completeness by Enterprise Greece.

Invitation for public consultation in Enterprise Greece's online platform.

Submission of Enterprise Greece's final recommendation to the General Secretariat for Private Investments & PPPs. For R&D Projects, the opinion of the General Secretariat of Research & Innovation is also taken into account.

Forward of the application with the relevant recommendation to the Strategic Investment Coordination Committee (SICC), who arrange for the assembly of the Interministerial Committee for Strategic Investments (ICSI).

Examination of the investment dossier by ICSI and decision on whether the Investment qualifies as Strategic.

Publication of the decision in the Government Gazette.

The Ministry of Development & Investments issues a ministerial decision on investment project details (scope, incentive, expenditures, timeframeline, terms etc.).

Implementation of the investment

Submission of the investment and licensing dossier by the Investor to the General Directorate of Strategic Investments.

The General Secretariat for Private Investments & PPPs, and especially the General Directorate of Strategic Investments, monitors the implementation process and takes all necessary steps to obtain licenses to enable the implementation of Strategic Investments.

Management Fee

In order to cover Enterprise Greece's administrative cost for the evaluation of the investment application, a management fee of 0.1% of the investment's total cost is payable, which cannot be less than EUR 50 000 and cannot exceed EUR 250 000. The 25% of the management fee is paid upon the submission of the application, while the rest 75% is paid before the ICSI's meeting, during which the investment proposal will be discussed. In case the investment proposal is not finally accepted by the ICSI as Strategic, the 75% of the total management fee is refunded.

Residence permit and executives' tax treatment

- Visa D and a ten-year residence permit, renewable for ten more years, are permitted to be granted to a maximum of ten executives of the investment regarding all Strategic Investments categories. The executives of the Strategic Investments may be accompanied by their family members to whom a residence permit for family reunification is also granted.
- Executives employed in the Strategic Investment and non-tax residents in Greece are deemed to maintain their tax residency abroad, whilst, for as long as their employment relationship lasts, they are subject

to tax in Greece only on their Greek source income earned in a certain tax year. Similar tax treatment also applies for their dependent children as well as for their spouses or their partners under a civil partnership agreement, on condition that the spouse or partner has no business/working activity in Greece.

Financial Incentives for intragroup services in Greece, e.g. datahubs, central services hubs

With its culturally diverse, qualified, and experienced work force, its multilingual university graduates available at a very competitive labor cost, the diversity of employment contracts and new forms of work, as well as its very low wage growth, Greece offers a pro-business, stable and predictable environment, for the establishment of Global Business Services/ Shared Service Centers and Back Office and Front Office Outsourcing/ BPO centers.

Subsidies for payroll cost and CAPEX are granted to cover part of the cost of undertaking various types of intragroup services as a new activity in Greece:

1) Subsidy for the recruitment of employees in an inferior position or with disabilities: 50% of personnel cost for up to twelve months following an employee's recruitment, up to an annual amount of EUR 35 000 per employee – the cumulative personnel cost cannot exceed EUR 3.5 million within a period of 5 years, while such subsidy cannot annually exceed the amount of EUR 5 million in conjunction with other types of subsidies obtained by the same beneficiary.
2) Subsidy for the training of new employees: 50% of the cost incurred for the training of new employees with regards to the beneficiary's activities – such training cost cannot exceed an amount of EUR 3 million, while such subsidy cannot exceed EUR 2 million per training program in conjunction with other types of subsidies obtained by the same beneficiary.
3) R&D Grants: 50% of personnel costs, expenses related to buildings, instruments and equipment, payment of contractual research and consulting services, and other operating expenses utilized in the context of industrial research – such grant cannot exceed an amount of EUR 20 million per project. The above thresholds for the conduct of experimental research are set to 25% and 15 million respectively, while for feasibility studies they amount to 50% and 7.5 million accordingly.
4) Support of wage costs and computer and communications systems installation costs: 50%of personnel costs for up to twelve months following an employee's recruitment, and of the equipment and software purchase cost – such personnel, equipment and software costs cannot exceed an amount of EUR 400 000, while such subsidy cannot exceed EUR 200 000 over a three-year period in conjunction with other types of subsidies obtained by the same beneficiary.

Privatizations in Greece

The Hellenic Corporation of Assets and Participations S.A. ("HCAP" or the "Corporation") is a government entity dedicated to supervising the management of state assets. HCAP's direct subsidiary, Hellenic Republic Asset Development Fund ("HRADF"), exploits assets of the State that have been assigned to it and manages the implementation of the privatization program in the country and specifically, the implementation of the Asset Development Plan "ADP" as approved by the Board of Directors of HRADF. HRADF aims to maximize the development and exploitation of ADP's assets in infrastructure, corporations, real estate and other fields of the economy and to attract direct investments, while also promoting long term benefits for the Greek economy. It is important to note that revenues from the privatization plan are directly used for the repayment of the Greek national debt.

Since its establishment in 2011 HRADF successfully completed 48 privatization projects with direct proceeds of EUR 9 billion during the period to 2019. It is estimated that these privatizations had a positive effect on GDP of EUR 1 billion per annum and created about 20,000 jobs. Notably, the broader impact of privatizations to the Greek economy via positive spillover effects is evaluated to be approximately EUR 20 billion during the same period.

The outbreak of Covid-19 pandemic in early 2020 created a delay in the progress of the planned privatizations with the direct proceeds dropping to just EUR 45 million. Nonetheless, the disruption on privatizations was short-lived and in 2021 the direct proceeds returned to pre-Covid levels reaching EUR 3 billion. HRADF continues to update and develop further its ADP on a semi-annual basis to ensure that privatizations are aligned with the needs and priorities of the Greek economy.

In a nutshell, apart from unlocking value from the Greek State's assets, privatizations benefit the economy both by attracting international investors interested in large scale and technically complex operations and by promoting smaller scale investments with a significant impact to the local Greek regions.

Most important special tax regimes and tax incentives

Shipping Industry

Greek shipowning companies

Greek companies operating ships registered under the Greek flag are subject to a special tonnage tax, payment of which exhausts any and all income tax obligation of the ship owner and shareholders of the shipowner company with respect to income earned from operating such ships. Said income tax exemption applies to income from operating a ship, profit on the sale thereof, receipt of insurance claims, and dividend distribution to shareholders of shipowner company. The tax is assessed on the basis of the capacity and age of the vessel. Exemptions from or reduction in the tax are granted under certain circumstances, such as when the ship is built or repaired in Greece.

Ship Management entities

Foreign shipping companies may establish a branch or an office in Greece enjoying a beneficial tax regime provided that certain conditions are met. According to the regime as currently in force, payment of Greek tonnage tax for foreign flagged ships that are managed by a Greek ship-management office results in the full exemption of profits derived from the exploitation of such ships from any other Greek income taxes and this tax exemption also applies to the shipowner company and its shareholders (foreign tonnage tax paid abroad is credited against the corresponding Greek tonnage tax). As of 2020, the above tax regime has been extended to bareboat charterers and ship lessees of foreign flagged ships managed by Greek ship management offices of foreign entities or Greek ship management companies.

Other (non-management) shipping entities

An annual special contribution is imposed on shipping branches/offices which are engaged in activities other than the management and exploitation of Greek or foreign flagged ships. Dividend distributions effected through such offices (i.e. offices engaged in activities other than the management and exploitation of Greek or foreign flagged ships) are subject to a 10% tax which eliminates any further income tax liability, expected to be 5% for dividends paid or credited from tax year 2023 and onwards.

Law 89 regime (group administration and support centers)

Entities established under this regime provide specific low value administration and support services to group entities and are taxed on a pre-agreed profit margin.

Venture capital companies / Portfolio investment companies / UCITS / REICs

Income tax exemptions or preferential tax regimes are introduced for entities and funds established under specific legislation and engaged in various investment activities.

Mergers and acquisitions

Greek legislation provides a number of tax incentives for mergers and acquisitions (M&A) of business entities for the purpose of creating larger, more efficient entities. With respect to cross-border M&A, Greece has implemented the relevant European Union (EU) Merger Tax Directives, including a common system for the taxation of company reorganizations. Financing as well as taxation are major factors to consider when selecting the structure of the transaction. Company law and accounting issues are also highly significant.

The local banking system and sources of finance for commerce and industry

The Greek banking system consists of i) four systemic banks (namely the National Bank of Greece, Alpha Bank, Piraeus Bank and Eurobank), ii) 11 other banks (indicatively the Attica Bank, Aegean Baltic Bank, Viva, Optima, Pancreta Bank and seven cooperative Banks). In addition, international banks operate in the country through 22 branches (indicatively, Citibank, HSBC, Bank of America, etc.). The four Greek systemic banks together with Attica Bank, represent a cumulatively account of about 97% of the Greek banking system (in terms of assets).

Bank of Greece (BoG) is the country's Central Bank, which is responsible for ensuring price stability as a member of the Eurosystem. According to Article 55A of its Statute, the Bank of Greece exercises prudential supervision over credit institutions, certain financial institutions, insurance and reinsurance undertakings, insurance distributors, as well as financial institutions under liquidation. The Bank of Greece has also been designated as the national resolution authority for the credit and financial institutions under its supervision. It also serves as a treasurer and fiscal agent for the Greek government.

Supervision for the banking system is regulated by Single Supervisory Mechanism (SSM) which was established under the EU regulation 1024/2013. Within the SSM, the European Central Bank (ECB) directly supervises all euro area credit institutions that are classified as systemic. The national supervisors (such as the Bank of Greece) conduct the direct supervision of less systemic institutions (LSIs), subject to the oversight of the ECB. Both SSM and the Bank of Greece supervise banks' corporate governance. In addition, the Hellenic Financial Stability Fund (HFSF) as a shareholder of Greek systemic banks plays an important role in implementing corporate governance reforms.

The Greek financial stability is supported by a structured regulatory framework updated in the last period due to the pandemic emergency.

One of the key challenges for the Greek banking system is the reduction of the high stock of NPLs. Greek banks undertook a deleveraging and de-risking process, aimed at improving their Asset Quality; this process has resulted to a steady decline in non-performing loans (NPLs). The participation of Greek banks to the Hellenic Asset Protection Scheme (HAPS - Hercules), which was initiated in December

2019, has been detrimental for the acceleration of NPLs reduction over the past 1 year. The HAPS was introduced in December 2019 and aims to support the NPLs securitization transaction of Greek banks by providing the State guarantee to the senior note. All four systemic banks have participated in the program which envisages the reduction of NPLs by circa EUR 32.0 billion, thus contributing to the financial stability. It is noted that NPLs stood at EUR 68.5 billion in year-end 2019. The NPL ratio of the country, which shows the proportion of non-performing loans to the total outstanding loans within a bank's loan portfolio, was 36% in year-end 2019.

The COVID-19 pandemic affected both directly and indirectly the financial sector while also created an additional challenge particularly regarding the reduction of the NPL exposure. The key concern has been the exposure towards certain vulnerable sectors (e.g., tourism, transportation, retail) of the Greek economy that could potentially result to a new wave of NPLs, especially after expiration of the loan moratoria granted to obligors. Still, the support measures taken by both the Greek State and the banks during 2019 and 2020, aimed to avoid such 'cliff effect' and mitigate the impact from the pandemic.

In addition to the HAPS, the newly established Greek law titled "Debt Settlement and Facilitation of a Second Chance" (Law 4738/2020), which became effective on 1st January 2021, also aimed to increase the effectiveness of insolvencies, restructurings, and discharges of proceedings in terms of timelines and simplified procedures.

Effectively the reduction of the NPL continued despite the pandemic with the total NPL exposure down to EUR 47.2 billion in 2020 and to EUR 18.4 billion in 2021. The NPL ratio was 12.8% towards the end of 2021, reflecting the successful implementation of the relevant schemes. However, it is still higher compared to the European average which stood at 2.0% in 2021. On the other hand, it should be considered that the restructuring of the Greek bank's portfolios comes with operating costs as divestments may result in operating losses which impact the banks' profitability and capital adequacy levels.

Overall, it is without doubt that the Greek banking system has improved since the Greek Financial Crisis supported by broader fiscal adjustments in the Greek economy and by the successful implementation of restructurings of the financial sector itself under the EU supervision.

Going forward, the Greek banking sector is called upon to i) manage the higher level of the NPLs compared to EU peers, ii) improve its operating profitability and iii) maintain the required capital adequacy levels in such a way that it will continue to fund the real economy without interruption despite the arising inflationary pressures, energy crisis and geopolitical tensions in Europe.

Foreign exchange regulations and capital controls

Greece's foreign exchange market conforms with EU rules on the free movement of capital. Controls are primarily intended to facilitate the enforcement of money laundering and terrorist financing laws. Until June 2015, receipts from productive investments could be repatriated freely at market exchange rates and there were no restrictions on, or difficulties with, converting, repatriating, or transferring funds associated with an investment.

In late June 2015, capital controls were introduced restricting the transfer of capital abroad due to the Greek Financial Crisis at the time. Capital controls placed a limit on weekly cash withdrawal amounts and restricted the transfer of capital abroad.

However, as the economy improved, the political situation in Greece stabilized and since 2019 capital controls have been completely abolished. Notably, the three major credit rating agencies (S&P, Moody's and Fitch) have been upgrading positively the rating of the Greek economy every year since 2018.

Imports / Exports

Greece's strategic geographic position combined with its transportation and logistics infrastructure make it an ideal hub for importing to and exporting from the EU. Acquisitions of goods from EU Member States are exempt from customs duties. For information on certain incentives and applicable taxes/duties, see relevant comments on VAT and Customs duties sections in Chapter 4.

Antitrust Legislation

The antitrust legal framework in Greece is in line with EU law, including the most recent ECN+ Directive (Directive (EU) 2019/1) that was just recently transposed into Greek legislation (Law 4886/2022) by further amending the standing Greek Competition Act (Law 3959/2011). The Greek legislative framework prohibits agreements, decisions by associations of undertakings and concerted practices which intend or result in the restriction of competition in the Greek market. The prohibition covers both anticompetitive horizontal agreements (price fixing, market sharing, bid rigging) and certain forms of vertical restraints (e.g. resale price maintenance). Illegal agreements are void and unenforceable and certain conditions, which must be cumulatively met, permit an otherwise restrictive agreement to escape the prohibitions.

Abuse by one or more undertakings of a dominant position in the Greek market or a part thereof is prohibited. Abusive conduct falls within two broad categories:

(i) exploitative abuses, which mainly refer to excessive pricing, and

(ii) exclusionary abuses, such as exclusive dealing, loyalty rebates, tying and bundling, predatory pricing, refusals to deal, etc.

Furthermore, the recent legislative amendment of 2022 inserted into the Greek Competition Act the notion of "tacit collusion" and "price signaling" for large corporations (>50mil. turnover), which under specific circumstances can be also considered as a prohibited activity. Similarly, the Commitments procedure previously provided only for Horizontal agreements (cartels) now it has been extended to Vertical restraints and abuse of dominance, meaning covering the full scope of potential abusive practices of articles 101 and 102 TFEU.

Greece's antitrust watchdog is the Hellenic Competition Commission (HCC) which enjoys broad investigative powers, while with similar powers regarding competition scrutiny are also vested some sectoral regulatory authorities. A breach may lead to the imposition of an administrative fine of 5 and up to 10% of the infringer's market share and criminal sanctions may be imposed on individuals responsible for the illegal conduct, while any party harmed by an antitrust violation may claim compensatory damages before the civil court. In this same perspective the legal framework is providing for a favorable treatment (which may conclude to even full immunity from fines) for undertakings who cooperate with the HCC in investigating abusive conducts prohibited under Article 101 TFEU (cartels).

Concerning merger control, Greek legislation adopted the prior notification system. A concentration must be notified to the HCC within thirty days from the conclusion of the relevant agreement where certain thresholds are exceeded. Following substantive appraisal of the concentration, the HCC may clear the transaction, or block it where it concludes that the concentration may significantly impede effective competition in the Greek market or a substantial part thereof or clear the transaction subject to commitments by the parties in an attempt to address possible competition concerns.

Finally, in 2022 the HCC launched its Sustainable Development and Competition Sandbox, an initiative targeting to strengthen competition and sustainable development. The Sandbox, which copies similar initiatives in other member states, creates a supervised space for ex ante experimentation -with the HCC involvement- in order to evaluate business practices and forms linked with sustainable development goals. Thus, the Sandbox may enhance legal certainty for undertakings and reduce regulatory risk especially for investments with a positive environmental footprint. With the operation of the Sandbox, the HCC takes a new step not only as the Greek antitrust watchdog, but also on a consultative role as the custodian of free competition in the Greek market, assisting ex ante undertakings in their business projects.

3 Business Entities

Business operations can be carried out in Greece primarily through the following legal forms:

- Greek branch of a foreign entity;
- Joint venture;
- Law 89 Office or entity (limited scope – group administration and support centers);
- Law 27 Office (shipping industry only);
- Legal entity (subsidiary)

Greek Branch of a foreign entity

A branch of a foreign company is established through registration with the General Commercial Registry. The branch is not considered a separate legal entity from the foreign company which remains liable for the branch's activities. In order to be registered, various documents must be filed with the Registry. The establishment of a branch of a foreign entity is normally completed within one month from the date all necessary documents are filed with the Registry.

The branch is administered by an individual (legal representative) appointed by the foreign company by virtue of the above Power of Attorney. The branch must regularly file certain documents with the General Commercial Registry (e.g. copy of the annual financial statements of its head office, etc.).

A foreign bank or financial institution that obtains a regulatory license to operate in Greece through a representative office to carry out limited activities, must establish a branch.

Joint venture

A joint venture ("kinopraxia") is the cooperation of individuals or legal entities for the purpose of pursuing and carrying out a specific project. A joint venture is formed by agreement and has no legal personality. If the joint venture carries out commercial activities, it must be registered with the General Commercial Registry. If not obligatorily registered with the General Commercial Registry, it can be recognized as a fiscal entity for tax purposes provided that certain conditions are met, including the filing of the joint venture agreement with the tax authorities prior to the commencement of its activities.

Foreign companies may participate in a joint venture provided they first acquire a Greek tax identification number.

Law 89 office or entity (group administration and support center)

Foreign entities may establish an office or a Company in Greece under the provisions of Law 89/1967, for the sole purpose of providing certain specific services (for instance advisory services, centralized accounting support, quality control services etc.) to their head offices or to their foreign affiliates (companies not established in Greece). The personnel of Law 89 entities must consist of at least four people and their annual operating expenses must amount to at least EUR 100 000, to be covered by direct foreign funding.

Greek companies may also operate under Law 89/1967, provided that their activities are exclusively limited to providing the above-mentioned services to their foreign branch offices or affiliates.

A special licence must be obtained from the Ministry of Development where the process involves identifying the specific services and agreeing to the predetermined taxable profit margin of such entities.

Law 27 branch or office

Foreign shipping companies may establish a branch or an office in Greece under Law 27/1975 and enjoy substantial tax benefits, including exemption from Greek income taxation (see also relevant section on Shipping Industry in Chapter 2).

Legal entity (subsidiary)

An entity with its registered place of business in Greece is normally considered to be a Greek entity even if all its members are foreign. There are generally very few restrictions as to the participation of foreign individuals or entities in Greek entities.

Depending on the business sector, the number of investors, whether the entity will be listed and what status the Greek entity should have, a foreign entity may establish its presence in Greece as a Societe Anonyme (Anonimi Eteria – AE), a Limited Liability Company (Eteria Periorismenis Efthynis – EPE), a Private Company (Idiotiki Kefalaiouhiki Eteria – IKE) or a partnership (either a General Partnership (OE) or a Limited Partnership (EE)).

Types and main features

The main features per legal type are summarized in the table below.

Feature	Societe Anonyme (AE)	Limited Liability Company (EPE)	Private Company (IKE)	Partnership
Formation				
Minimum number of founders	1	1	1	At least 2
Residence requirements (for founders – individuals of third country citizenship)	No	No	Yes under conditions	General Partnership: Yes Limited Partnership: Yes for the general partners; the limited partner is subject to residence requirements only if they reside or intend to reside in Greece
Tax registration requirements of founders	Yes	Yes	Yes	Yes
Articles of Incorporation	Yes	Yes	Yes	Yes
Registration with the General Commercial Registry	Yes	Yes	Yes	Yes
Shareholders				
Liability of members/ shareholders	Limited to the capital contributed to the company	Limited to the capital contributed to the company	Limited to the capital contributed to the company. Under certain conditions, unlimited	General partners: Unlimited Limited partners: Limited to the capital contributed to the company
Meetings of members/ shareholders	Annual, by the 10th calendar day of the 9th month following the year end	Annual, by the 10th calendar day of the 9th month following the year end	Annual, by the 10th calendar day of the 9th month following the year end	Under certain conditions annual, by the 10th calendar day of the 9th month following the year end
Board of Directors/ Administrators				
Board of Directors/ Administrators	3 – 15 (minimum - maximum)	1 (minimum)	1 (minimum)	1 (minimum)
Residence requirements (third country citizens)	Only the legal representative	Yes	Yes	Yes
Tax registration requirements	Yes	Yes	Yes	Yes
Meetings	Annual at least 22 days before the Annual General Meeting	-	-	-
Shares/Units				
Value (EUR)	0.04 - 100	1	-	-
Minimum Capital (EUR)	25 000	1 (for Single Member companies)	-	-
Audit requirements	Under conditions	Under conditions	Under conditions	Under conditions
Listing on Stock Exchange	Yes	No	No	No

Establishment procedures

Establishment of Societes Anonymes and Limited Liability Companies is carried out by One Stop Authorities, namely:

- Notary Public, if the company is established by virtue of a notarial deed;
- General Commercial Registry, in case of establishment by virtue of a private agreement (in the form of the sample Articles of Incorporation provided for by the applicable legislation); and
- e-One Stop Authority.

In general, the establishment involves certain steps, including the temporary registration of the corporate name with the Chamber of Commerce, the preparation and signing by the founders of certain documents including the Articles of Incorporation, the payment of various duties and the registration of the entity with various authorities, such as the General Commercial Registry, tax authorities, etc.

The establishment procedure is normally completed within five working days from the date all documents are filed with the One Stop Authority (although delays might arise when the establishment is carried out by the General Commercial Registry).

Private Companies are established through the e-One Stop Authority unless certain conditions occur (e.g. real estate is contributed by the partners etc.).

All entities are considered to be established for corporate law purposes as of their registration with the General Commercial Registry. Parallel establishment approval from relevant authorities is also required for certain companies either on the basis of their capital (over EUR 1 million at the time of establishment) or on the basis of their business activities (Banks, insurance companies etc.).

Administration and annual meetings

Societe Anonyme (SA company)

The administration of a Societe Anonyme (SA company) is carried out by:

- the shareholders at general meetings;
- the Board of Directors or, under certain conditions, an individual director-administrator;
- an Executive Committee, if provided for by the company's Articles of Incorporation or established by virtue of a decision of the Board of Directors.

The General Meeting of Shareholders is the supreme governing body of the company with exclusive authority to decide on important issues affecting the company, such as amendments to the Articles of Incorporation (excluding amendments falling within the competence of the Board of Directors), election of Board of Directors, liquidators and auditors, approval of the company's administration and release of auditors, approval of the company's Financial Statements and distribution of profits, mergers and other company transformations etc.

The General Meeting is held at least once annually to approve the annual financial statements. Extraordinary Meetings of Shareholders may also be convened by the Board, or be self-convened under conditions. Different quorum and majority requirements apply depending on decisions to be taken. Meetings can also be held by teleconference and written resolutions.

The members of the board are elected for a period not exceeding six years, but they may be re-elected or removed from office at any time by the General Meeting of Shareholders. Further, the members of the first board can be determined in the Articles of Incorporation.

The Board members can be individuals or legal entities, if permitted in the Articles of Incorporation. If a legal entity is appointed, it must appoint an individual to represent it, otherwise the Board member/legal entity is deemed to have resigned. The legal entity and the individual are jointly liable.

Similarly to General Meetings of Shareholders, the Board of Directors can meet by teleconference and written resolutions. There are no requirements as to when the Directors meet and their meetings are normally held at the invitation of the Chairman.

A sole director-administrator can be elected by the General Meeting instead of a Board of Directors only in small and very small non listed corporations.

The Board of Directors may delegate some of its duties and powers to the Executive Committee.

Limited Liability Companies (EPE)

An EPE is administered and represented by one or more persons (administrators), who need not necessarily be partners of the EPE, and are appointed by the Articles of Incorporation or by the partners' meeting. If no administrators are appointed either in the EPE's Articles or by the meeting of partners, the representation of the EPE and the administration of its affairs rest with the partners acting collectively. The supreme authority for the administration of an EPE lies with the meeting of partners. Resolutions are adopted only if they secure the support of the absolute majority of partners both in numbers and in capital. Certain resolutions, such as the amendment of the Articles of Incorporation, require a qualified majority of capital, whereas unanimity is required in certain cases.

Similarly to SA companies, an annual Meeting of Partners must be held at least once annually to approve the annual Financial Statements and Extraordinary Meetings of Partners can also be convened by the administrators or be self-convened.

Other companies (Private Companies – Partnerships)

The administration of the other types of companies is vested with the Partners' Meetings and the Administrator(s).

Management liability

Any member of the Board of Directors is personally liable towards the SA company for his willful or negligent acts or omissions, which have caused it damage. The extent of liability depends on the position and duties of the Director. Persons serving as executive Chairmen and Members of the Board, managers and general managers, administrators, managing directors, and liquidators of Greek companies can be personally liable (jointly with the company) for the payment of taxes and social security contributions.

The members of the Board of Directors under certain conditions are subject to fines and imprisonment, if it can be proved that they have violated company law.

Additionally, members of the Board of Directors who have been appointed by the Board to manage the SA company may be subject to criminal sanctions if it is proved that they have committed or co-operated in tax evasion, or if social security contributions have not been paid.

Similar liability applies to the administrators of the other types of companies.

Accounting year

For Greek tax purposes, the accounting year consists of twelve months (excluding the first accounting year which can be shorter) and coincides with the calendar year. The accounting year of legal entities maintaining double entry accounting books can also end on 30 June. Greek subsidiaries of foreign companies may have a different year-end as long as it is the same year-end as their foreign parent company, provided that the foreign parent company holds at least 50% of the Greek subsidiary.

Liquidation

SA companies, Limited Liability Companies, Private Companies and Partnerships are dissolved in case of bankruptcy or upon expiration of their duration as specified in the Articles of Incorporation or upon a resolution of the General Meeting of Shareholders/Partners' Meeting. Further, legal entities can also be dissolved by virtue of a court decision following a relevant application filed under certain circumstances by either shareholder(s)/partner(s) or by any third party having a legal interest.

Except in the case of bankruptcy, the dissolution of the company is followed by the liquidation of its assets. The company continues to exist as a legal entity during the course of the liquidation and the General Meeting of Shareholders/Meeting of Partners retains its powers; however, the Board of Directors and the Administrator(s) become inoperative and are replaced by the liquidators who are appointed by the Shareholders'/Partners' meeting.

Audit requirements

The annual financial statements of SA companies, Limited Liability Companies, Private Companies and Partnerships with direct partners of limited liability are subject to statutory audit by auditors or by a firm of certified auditors if they qualify as medium or large entities based on certain criteria specified in the applicable legislation. Such criteria relate to their total assets, net turnover and average number of employees.

4 Business Taxation

Taxation of legal entities

A legal entity is subject to Greek income tax on its worldwide income if it is a Greek tax resident. A tax credit is provided for tax paid abroad on foreign source income.

A legal entity that is not tax resident in Greece, is taxed in Greece only on Greek source income, indicatively:

- income from business activities carried out through a Greek permanent establishment;
- interest, dividends, and royalties paid by Greek banks/lenders/companies/businesses;
- rental income from the exploitation of Greek real estate;
- gains on the sale of Greek shares and on the sale of real estate situated in Greece.

Both Greek and foreign entities must tax register in Greece prior to commencing business operations in Greece. Such tax registration applies for all tax purposes.

Tax Residence - Permanent Establishment

A legal entity is considered to be Greek tax resident when established pursuant to Greek legislation, when it has its registered seat in Greece or when its place of effective management is in Greece. In order to determine the place of effective management, the actual facts and circumstances are taken into consideration including, indicatively:

- where day-to-day management is exercised;
- where strategic decisions are made;
- where its book and records are maintained;
- residence of members of the executive management bodies etc.

A Greek "permanent establishment" consists of the fixed place of business through which the business of a foreign enterprise is wholly or partly carried out in Greece (e.g. place of management, branch, office, etc.). A permanent establishment is not an independent legal entity; however, from a tax perspective it is treated as a separate taxable presence of the foreign legal entity in Greece. Any potential permanent establishment status for a foreign enterprise is assessed in terms of the Greek tax legislation in conjunction with any applicable Double Tax Treaty and relevant OECD interpretative guidelines. To be noted that Greece has ratified the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (Multilateral Instrument or MLI), however without the inclusion of the provisions of the MLI regarding permanent establishment, for which Greece has expressly opted out.

Basic Principles of Corporate Taxation

All types of income of legal entities, including capital gains, are considered income from carrying out business activities and they are taxed after the deduction of qualifying business expenses, depreciation, as well as tax losses carried forward from previous years. Dividends and directors' fees are distributed from after tax profits.

Deduction of Expenses

100% of expenses serving the business purposes of a company or incurred within its normal business transactions are deductible. By exception, R&D expenses are deductible increased by 100%.	Provided they (i) relate to actual transactions whose values are not lower nor higher than market values based on information available to the tax administration, (ii) they are recorded in the books in the year they were incurred and are supported by relevant tax records and (iii) such expenses are not included in a list explicitly determining non-deductible expenses.

Depreciation

Fixed assets are depreciated	Depreciation is effected by the owner of the fixed assets or the lessee in case of a financial lease agreement. By exception, new enterprises are able to defer the depreciation of their fixed assets for the first 3 years of their operation.	Apart from certain assets (e.g. land, works of art, antiques, jewelry, etc.) depreciation is permitted and is calculated at fixed rates (e.g. buildings 4%, computers 20%, other equipment 10%, means of transportation 5% (and up to 50% for certain types of transportation means), etc.). By exception, the depreciation of necessary material and equipment used for carrying out scientific and technological research is calculated at an increased rate (at 40%).

Tax losses carried forward

Tax losses are carried forward	Tax loses can be carried forward for 5 consecutive years in order to be offset against business profits. Loss carry back is not permitted.	The right to carry forward tax losses is lost in case the shareholding ownership status changes by more than 33% and the business activities of the entity are altered by more than 50% in the same and/or subsequent year of the year of ownership change.

Losses of foreign permanent establishments are not set off against the profits of the Greek entity except only for losses of permanent establishments in EU/EEA countries with which Greece has entered into a DTT on condition that business profits are not tax exempt by the DTT.

Corporate Tax Rate

Beneficiaries of income	Tax rate	Advance Tax Payment	Taxable amount
Legal entities, partnerships, cooperatives, joint ventures etc.	22% (headline rate from 2021 onwards) Credit institutions subject to the specific provisions of Art. 27A of the Income Tax Code regarding deferred taxation are taxed at a rate of 29%	80% of current year's taxes, or 100% of current year's taxes for domestic / foreign financial institutions, reduced by 50% for the first three years of business operations	All income regardless of the level of profit

Any taxes withheld or paid in advance are deducted from the tax due. Moreover, tax paid abroad on foreign source income is deducted up to the tax obligation that would be due on the same income in Greece.

Proceeds of Liquidation

To the extent that the proceeds of liquidation exceed paid up capital, they are taxed as distribution of profits during the year in which the liquidation is completed.

Income subject to Withholding Tax in Greece

The following tables summarize the types of income that are subject to withholding tax where the payer is established in Greece.

For Greek source Dividend/Interest/Royalty income payable to Greek tax residents beneficiaries

Type of Income	Beneficiaries of income	Withholding tax rate	Taxed as income deriving from business activities	Offsetting ability for beneficiary
Dividend	Individuals	5%	N/A	The tax withheld exhausts any further income tax liability
	Legal entity or PE		YES	The tax withheld can be offset against income tax
Interest	Individuals	15%	N/A	The tax withheld exhausts any further income tax liability
	Legal entity or PE		YES	The tax withheld can be offset against income tax
Royalties	Individuals	20%	N/A	The tax withheld exhausts any further income tax liability
	Legal entity or PE	0%	YES	N/A

Greek companies receiving dividends from EU (including Greek) subsidiaries:
Withholding and income tax exemption applies for intra-group dividends distributed to a Greek tax resident legal entity from its EU subsidiary in the EU (including Greece), under specific conditions (e.g. at least 10% participation in the subsidiary for at least 24 months, etc.) and provided that such dividend distributions are not considered a deductible expense for the entity paying the dividend.

Greek or EU companies receiving interest/royalty payments from affiliated companies:
A withholding tax exemption applies for intra-group interests and royalties paid by a Greek company to an affiliated company established in another EU Member State (including Switzerland), under specific conditions (e.g. at least 25% participation in the share capital of the paying/recipient company or when a third company possesses at least 25% participation in both paying and recipient companies for at least 24 months, etc.).

For service fees payable to Greek tax residents

Beneficiaries of Income	Type of of income	Withholding tax rate	Taxed as income deriving from business activities	Offsetting ability for beneficiary
Greek resident individual	Services (1)	20%	YES	Any tax withheld can be offset against income tax
Greek legal entity		0%	YES	N/A
Greek permanent establishment of a foreign legal entity		0% (2) / 20% (3)	YES	Any tax withheld can be offset against income tax

(1) By exception, fees for technical projects are subject to 3% withholding tax irrespective of the recipient. Last two columns of first row apply.

(2) There is no withholding on fees for services provided in Greece by a Greek permanent establishment of an entity that is tax resident in the EU/EEA.

(3) Fees for services provided in Greece by a Greek permanent establishment of a foreign legal entity that is tax resident outside EU/EEA.

For payments to non-Greek tax residents

Type of payment	Withholding tax rate	Imposition of withholding tax	Taxed liability exhausted	Reduced rate based on DTT	Exemption pursuant to EU Directives(1)
Branch profits paid to Head office	0%	N/A			
Dividends	5%	YES			
Interest	15%	YES			
Royalties	0% (2)	N/A			
	20% (3)	YES			
Service fees	0% (4)	N/A			
	20% (5)	YES	NO	NO	N/A

(1) The exemption applies for payments from Greek subsidiaries to their parent company within the EU (including Greece), under specific conditions (percentage holding for specified time period).

(2) Where the recipient of such payments is a foreign legal entity with a permanent establishment in Greece.

(3) Provided that the recipient of such payments is any non-resident individual or a foreign legal entity with no permanent establishment in Greece.

(4) Provided that the recipient of such payments is a foreign legal entity that is not tax resident in Greece nor has a permanent establishment in Greece or the recipient of such payments is a foreign legal entity tax resident in the EU/EEA with a permanent establishment in Greece and the services are provided through such Greek permanent establishment.

(5) For fees received by any non-resident individual or by a foreign legal entity which is tax resident outside the EU/EEA and which maintains a permanent establishment in Greece, where the services are provided in Greece through its Greek permanent establishment.

Withholding Tax on Supplies to the Greek State

Most supplies made to the state are subject to tax withholding as follows:

Supply	Withholding tax rate	Imposition of withholding tax	Offsetting ability for Greek tax residents	Tax liability exhausted for non-Greek tax residents	Reduced rate based on DDT for non-resident beneficiaries
Gasoline, other liquid fuels, tobacco	1%	YES			
Other supply of goods	4%	YES			
Services	8%	YES			

Compliance Obligations

Income Taxation

Income tax return filing	Annual obligation to electronically file an income tax return for all types of income.
Filing deadline	By the end of the 6th month following the year end.
Time of tax payment	In 6 equal monthly installments (of tax and advance tax): The first installment is paid within the next month from the filing of the tax return and the remaining 5 installments are paid up to the last day of the next 5 months.
Penalties	Late or inaccurate filing as well as failure to file will attract penalties and possible penal sanctions.

Transfer Pricing obligations for Intra-group transactions

Charges for intra-group transactions must comply with the arm's length principle (the relevant rules apply and are interpreted according to the OECD Transfer Pricing Guidelines). An obligation to prepare a Transfer Pricing Documentation File and to file a Summary Information Sheet exists provided the total value of intra-group transactions exceeds:

- EUR 100 000 cumulatively per tax year if the gross revenues of the taxpayer do not exceed EUR 5 000 000 for the tax year under review, or
- EUR 200 000 cumulatively per tax year if the gross revenues of the taxpayer exceed EUR 5 000 000 for the tax year under review.

The Documentation File must be prepared and the Summary Information Sheet must be submitted by the end of the deadline for the submission of the company's annual Corporate Income Tax Return. Upon a tax audit, the Transfer Pricing Documentation File must be submitted to the Tax Administration within 30 days from relevant request.

The possibility to have Advance Pricing Agreements (APAs) exists for cross border intra-group transactions. The APA may be unilateral, bilateral or multilateral.

Multinational groups whose consolidated annual group revenues exceed EUR 750 million have Country by Country (CbC) reporting and/or notification obligations within strict deadlines.

Double taxation and relief for foreign taxes

Greece has concluded Double Tax Treaties (DTTs) with respect to taxes on income (and on capital in most cases) with 57 countries, based on which a more favorable tax treatment can apply.

Albania	Finland	Malta	Slovakia
Armenia	France	Mexico	Slovenia
Austria	Georgia	Moldova	South Africa
Azerbaijan	Germany	Morocco	Spain
Belgium	Hungary	Netherlands	Switzerland
Bosnia and Herzegovina	Iceland	Norway	Tunisia
Bulgaria	India	Poland	Turkey
Canada	Ireland	Portugal	Ukraine
China	Israel	Qatar	United Arab Emirates
Croatia	Italy	Romania	United Kingdom
Cyprus	Republic of Korea	Russia	United States of America
Czech Republic	Kuwait	San Marino	Uzbekistan
Denmark	Latvia	Saudi Arabia	
Egypt	Lithuania	Serbia	
Estonia	Luxembourg	Singapore	

Special Tax Regimes

Shipping Companies, Law 89 offices or entities (group administration and support centers), Family Offices, Real Estate Investment Companies (REICs) and UCITS (mutual funds) are subject to special tax regimes.

Greek Anti-Avoidance Framework

Miscellaneous provisions of tax legislation	Focus on the substance of transactions and not on formalistic features. Obligation for filing and publishing financial statements, maintaining accounting books and collecting/presenting tax records to the authorities. Tax deduction not permitted for fees paid to a resident of a non-cooperative country or of a country with a preferential tax regime, unless certain conditions are met. Annual issuance of List of non-cooperative countries in relation to tax matters and countries with a preferential tax regime.
General anti - tax avoidance rule	Tax avoidance consists of arrangements or series of arrangements which aim to reduce tax obligations, contrary to the spirit of the tax law, and which do not derive from a valid business rationale/practice.
Automatic Exchange Of Information (AEOI)	Information of financial accounts must be exchanged between Tax Authorities of EU and non- EU States by providing details on accounts, account holders and beneficial owners. Greece has committed to adopt the Common Reporting Standard (CRS) and to automatically exchange information of financial accounts on a bilateral and annual basis. In Greece, the first CRS exchange took place in 2017. Greece has also adopted the Intergovernmental Agreement (IGA) Model 1A for the Foreign Account Tax Compliance Act (FATCA), which provides the annual automatic exchange of financial account information between the US and Greek Tax Authorities. The first FATCA exchange took place in 2018.

Other Rules

Thin capitalization	Thin capitalization rules provide that the net interest expenses (i.e. interest expense minus any interest income) will be deductible up to a cap that is determined as the higher between EUR 3 million per year and the 30% of tax EBITDA.
Controlled Foreign Companies (CFC)	Undistributed passive income received by a foreign subsidiary of a Greek legal entity from foreign subsidiary transactions with affiliated entities (e.g. income from dividends, interest, royalties, etc.) is included in the Greek entity's taxable income subject to specific conditions (e.g. direct or indirect ownership by the Greek entity in the foreign subsidiary exceeding 50%).
Intra-group dividend distributions	Tax exemptions applying to intra-group dividend distributions can be limited in case of abuse of tax legislation.
Hybrid Financial Instruments	Following the enactment of hybrid mismatches rules in the Greek ITC as of 1 January 2020, hybrid mismatches (i.e. differences in the legal characterization of payments (financial instruments) or entities (hybrid entities) between two states) are dealt with by primary and secondary correction rules (e.g. non-recognition of tax deduction, income correction, etc., as the case may be).
Exit Taxation	Exit taxation rules apply on cases involving (a) transfer of assets from a Greek head office to a foreign permanent establishment or vice-versa (or between permanent establishments), (b) transfer of tax residence out of Greece, except for those assets which remain effectively connected with a Greek permanent establishment and (c) transfer outside of Greece of underlying business carried on by a Greek permanent establishment, insofar as Greece loses its taxation right on such assets.

Tax year, Accounting Principles and Financial Statements

All entities must prepare annual financial statements. The accounting or financial year ends on 31 December or 30 June whereas a subsidiary whose foreign parent owns more than 50% of its shares may have a different year-end as long as it is the same year-end as such foreign parent. Consolidated tax returns are not permitted and each entity files separately.

Societes Anonymes (AE companies) with listed shares are obliged to apply IFRS whereas all other Societes Anonymes as well as Limited Liability Companies (EPE companies) are free to apply either Greek GAAP or IFRS. All other entities apply Greek GAAP, which currently closely resemble IFRS.

Tax audits

AE companies, EPE Companies and Greek branches of foreign banks and insurance companies that are obliged to have their statutory audits carried out by a firm of certified auditors may opt to undergo a tax audit certificate procedure by their certified auditor firm. Such procedure may minimize potential tax authority audits and related fines/penalties and lead to early resolution of significant matters that may arise since such audits coincide with the timing of the annual financial audit. All other entities may be audited by the tax authorities within the relevant statutory deadlines for such audits.

Indirect Taxes

Indirect taxes account for a significant part of the Greek State's tax revenues. The main indirect tax in Greece is VAT, while other (major) indirect taxes include import customs duties, stamp duty and a special consumption tax imposed on certain categories of goods.

Value Added Tax (VAT)

VAT is an indirect tax generally intended to burden the ultimate consumer of goods or services. Producers and merchants of goods as well as service suppliers are generally considered to constitute persons who are subject to VAT (i.e. VATable persons), regardless of their place of establishment and of their intended purpose.

Greek VATable persons (including legal entities, entrepreneurs and branches of foreign legal entities) must register for tax purposes prior to commencing business activities in Greece and are assigned a general Greek tax registration number which serves for all tax purposes, including VAT.

Foreign persons without a permanent establishment in Greece are generally required to VAT register in Greece before they carry out any activities that fall within the scope of Greek VAT. Common examples of such cases include the supply of services immediately relating to Greek real estate, the sale of goods following their installation in Greece, or the sale of goods already situated in Greece. Entities established outside the EU should VAT register in Greece through the appointment of a Greek VAT representative, while entities established within the EU can alternatively opt to VAT register electronically. Regardless of the type of VAT registration, foreign entities that are VAT registered in Greece have the same filing and payment obligations as Greek VATable persons.

By exception, as of 1 July 2021 (i) EU entities carrying out distance sales of goods or providing services to individuals, (ii) electronic platforms intermediating in the sale of goods to individuals, and (iii) non-EU entities supplying goods or services to individuals, are entitled to utilize a special regime (One-Stop-Shop (OSS) or Import One-Stop-Shop (IOSS), depending on the case), subject to the fulfillment of specific conditions, whereby they would not have to register for VAT purposes in Greece, while the applicable Greek VAT corresponding to their supplies to individuals located in Greece would be remitted directly in their county of establishment/registration.

Transactions subject to VAT

Transactions carried out for consideration in Greece by VATable persons who are established or VAT registered in Greece are generally subject to Greek VAT. Such transactions can include the following:

- domestic sales of goods, supplies of services and sales of real estate involving new buildings. By exception, until 31 December 2022 (to be extended until 31 December 2024) the imposition of VAT on the transfer of new buildings may be suspended, subject to the filing of an application by respective constructor. In such cases, the relevant sales of real estate will be subject to Real Estate Transfer Tax, generally levied at the rate of 3.09%;
- cross-border sales of goods and services to individuals (i.e. non-VATable persons);
- importations of goods and intra-community acquisitions of goods;
- intermediation of supplies carried out to individuals by electronic platforms; and
- receipts of services from abroad.

VAT rates

Transactions giving rise to Greek VAT are generally subject to the standard rate, currently set at 24% and applying to the majority of goods and services.

Certain goods and services are subject to a reduced rate of 13% (e.g. hotel accommodation, unprocessed food items), while a limited number of goods and services are subject to a super-reduced rate of 6% (e.g. supply of electricity and/or natural gas, pharmaceutical products destined for human use, theatre tickets).

All the above VAT rates are reduced by 30% when concerning transactions carried out to/in the islands of Leros, Lesvos, Kos, Samos and Chios (with the exception of certain goods, such as tobacco products, which are in any case subject to the standard VAT rate).

VAT exemptions, zero-rated supplies and cases not attracting VAT

Greek VAT Law provides for several supplies that are not burdened with Greek VAT (subject to conditions), including (indicatively) the following:

- VAT exempt supplies, such as educational, healthcare, insurance and financial services, and the leasing of real-estate (with the exception of commercial leases, where the parties may opt to apply VAT); and
- zero-rated supplies, such as intra-community supplies and exportations of goods to VATable persons, the majority of services supplied to foreign VATable persons, and supplies involving/concerning qualifying vessels and aircraft.

Subject to conditions, Greek VAT legislation provides the option to postpone/defer payment of VAT in certain cases, such as when placing goods under special customs/VAT regimes (such as bonded warehouses) and when acquiring new investment goods.

Moreover, amongst others, Greek VATable persons can opt to obtain a special certificate to acquire or import goods and services without Greek VAT, as long as such goods/services are directly related to exportations carried out by that person.

Foreign entities, or group of entities, importing goods into Greece whose annual value exceeds EUR 40 million can obtain a special VAT license, whereby such importations do not trigger payment of Greek import VAT. The main condition is that at least 90% (in value) of the imported goods are then sold outside of Greece, while the remaining balance can be sold to VATable persons domestically, without Greek VAT.

Recovery of purchase VAT

In general, VATable persons charge VAT on their supplies and offset it against VAT incurred from purchases relating to activities that permit VAT recovery; any positive difference is remitted to the Greek State, while any negative (receivable) balance can either be carried forward to be offset in future periods (subject to the general 5-year statute-of-limitation period in Greece), or be claimed for refund (such refunds are normally processed within 4 to 6 months and can trigger a VAT audit, which, under conditions, can be extended to a full-scope audit).

Activities permitting VAT recovery consist of supplies that are subject to VAT and certain supplies not bearing VAT, such as (zero-rated) cross-border sales of goods and services. The majority of domestic supplies that are exempted from VAT (such as insurance and financial services) do not allow recovery of purchase VAT.

Where a VATable person purchases goods or services that are commonly used in relation to both supplies permitting and supplies not allowing for VAT recovery, the purchase VAT of such common expenses is recovered proportionally (i.e. on a pro-rata basis).

Certain expenses do not permit VAT recovery whatsoever. Such expenses include the following:

- tobacco products and alcoholic beverages purchased domestically, or on a cross-border basis;
- reception, entertainment and hospitality expenses;
- expenses on accommodation, food, beverages, travel and entertainment, when concerning a VATable person's employees or representatives; and
- domestic or cross-border acquisitions of the majority of means of passenger transportation (including private vessels and aircraft destined for leisure or sports), as well as any related fuel, repair, maintenance, leasing and circulation expenses (VAT recovery is, however, permitted where the above means of transportation are destined to be sold, leased or used for passenger transportation for consideration).

VAT filing and remittance requirements

Greek VATable persons and foreign persons registered for VAT purposes in Greece (whether electronically or through a VAT representative) must record domestic and cross-border supplies and purchases of goods/services in periodic VAT returns, which are generally filed on a monthly or quarterly basis. The deadline for remittance of any payable VAT balance is normally aligned with the filing deadline.

Intra-community transactions should also be reported in EC Listings, while supplies of goods should also be reported in Intrastat returns (when particular thresholds are exceeded).

Importations are also reported in import customs declarations, which are filed with the customs office of importation that is responsible for the customs clearance of the imported goods; in such cases, the relevant VAT is paid upon the customs clearance of the relevant goods.

Special VAT regimes

The Greek VAT Code provides for certain special regimes, including the following:

- a regime applying to tour operators, whereby VAT is calculated on the basis of a special mechanism;
- a regime applying to domestic sales of certain electronics and of recyclable goods, which can be subjected to the domestic reverse-charge mechanism (subject to conditions);

- a regime applying to taxpayers with an annual turnover of up to EUR 2 million, who can opt to remit VAT to the Greek State after having collected it from their customers; if such option is exercised, the taxpayer can recover purchase VAT upon the settlement of respective invoices; and
- a regime applying to taxpayers with an annual turnover of up to EUR 10 000, who can opt to not charge VAT or file VAT returns; if such option is exercised, the taxpayer loses his right to recover purchase VAT.

Customs Duties

Customs duties are imposed on the importation of certain goods from countries outside the EU. Customs duties are calculated in accordance with the EU tariff classification and the value of the imported goods and are paid at the customs office of importation upon customs clearance. As is the case with VAT, placing goods under a special regime can suspend payment of import duties until their customs clearance in Greece. Exportations of goods from Greece are not generally subject to export duties.

Entities carrying importations to, and exportations from, Greece are not required to register with a special customs registry. However, such entities are generally required to possess a Greek VAT registration number and a valid EORI number. Finally, although not required to, EU entities dealing with customs formalities usually opt to appoint a Greek customs agent/representative in order to ensure their compliance with the complex Greek customs procedures (non-EU entities are, in any case, obliged to appoint a Greek indirect customs representative).

Stamp duty

Stamp duty is imposed on a limited number of transactions and is levied as a percentage of the transaction value. Some of the most commonly encountered transactions triggering Greek stamp duty are indicatively the following:

Transaction	Rate
Commercial leases (unless they are subjected to VAT)	3.6%
Commercial loans (not applicable when the lender is a bank)	2.4%
Private loans (rate depends on the nature of the counterparties)	2.4% - 3.6%
Cash facilitations	1.2%

Subject to conditions, certain exemptions from stamp duty can apply, such as where it is evidenced that a loan is concluded and entirely executed abroad (certain conditions apply).

Other indirect taxes and charges

Other indirect taxes and charges applying in Greece include the following:

Type of tax/charge	Description, taxable basis and rate
Special Consumption Tax	Burdens persons purchasing certain types of goods, such as tobacco, energy (electricity, natural gas, etc.), alcoholic products, coffee and petroleum products (different rates apply to different categories of such goods).
Capital Concentration Tax	Is calculated at the rate of 0.5% upon a company's share capital increase.
Competition Committee Duty	Is calculated at the rate of 0.1% upon the injection of capital to an SA company, both at the stage of incorporation and by means of a subsequent share capital increase.
Contribution of Law 128/1975	Burdens borrowers and is calculated at the (annual) rate of 0.6% on the outstanding amount of their bank loans (0.12% for housing loans). Does not apply to loans between banks and loans to the Greek State (amongst others).
Insurance Premium Tax	Ranges between 4% and 20% and is calculated on insurance premiums due and related charges. An exemption applies to life insurance contracts with a term of at least 10 years, insurance contracts covering vessels and aircrafts, and reinsurance services.
Cable TV Duty	Burdens consumers and is calculated at the rate of 10% on total monthly bills.
Fixed telephony and internet duty	Burdens consumers and is calculated at the rate of 5% on total monthly bills.
Duty on cellular phones	Burdens consumers and is calculated at the rate of 10% (excluding VAT). Special exemptions may apply depending on the age of respective consumer.
Special Vehicle Registration Tax	Burdens persons acquiring vehicles and is calculated at rates depending on the type of vehicle and its respective manufacturer retail price before taxes.
Annual Vehicle Circulation Tax	Is payable annually by the registered owner and amount depends on the vehicle's engine size. Certain environmentally friendly vehicles are exempt.
Tax on stock exchange transactions	Is calculated at the rate of 0.2% on the transfer price of shares listed on any recognized stock exchange.
Environmental duty	Amounts to EUR 0.07 (0.09 including VAT) and is imposed on the use of plastic bags.
PVC Recycling fee	Amounts to EUR 0.08 (0.10 including VAT) and is imposed on the use of packaging materials containing PVC (polyvinyl chloride)
Accommodation tax	Imposed on hotels and rooms-to-let and calculated based on factors such as the duration of the stay and the category of the hotel/property.
Inheritance/Gift Tax	Donations and inheritances granted to legal entities may also be subject to these taxes (see Chapter 5).

5 Taxation of Individuals

Overview

Personal Income Tax (PIT) obligations in Greece depend on the taxpayer's tax residency status. An individual is considered Greek tax resident in case he maintains his permanent or main residence or usual adobe or center of vital interests in Greece or he is a consular or diplomatic or public servant of Greek nationality and serves abroad as well as any individual who is present in Greece for a period exceeding 183 days cumulatively during any twelve month period. However, individuals who are present in Greece only for tourism, medical, medicinal or equivalent personal purposes are not considered Greek tax residents on condition that their presence does not exceed 365 days.

The day of arrival and day of departure should be included when calculating the number of days a person has been present in Greece when determining an individual's tax residency status.

Tax residents are subject to PIT on their worldwide income whilst they are entitled to claim tax credit for any foreign taxes paid on foreign source income. Non-Greek tax residents are subject to PIT only on income sourced in Greece (within a certain tax year).

In case of employment services rendered in Greece, in principle the employer shall operate payroll withholdings, however the tax withheld may not be the amount of tax ultimately due.

Final tax liabilities are determined based on the individual's tax residency status for the reporting tax year which is equivalent to the calendar year.

In case of the newly introduced special tax regimes, separate reporting and taxation provisions apply (see relevant section of special tax regimes)

Tax base

Taxable income is classified into four major categories, namely employment and pension income, income from business activity, investment income (including interest, dividends, royalties and rental income) and capital gains (from the transfer of movable and immovable property). Different tax rates apply depending on the type of income. Taxable income includes income received in cash, in kind and in the form of imputed/deemed income.

Imputed versus actual income

Legal provisions designed to prevent tax evasion specify that individuals are taxed on their declared income or imputed income, whichever is higher. Income is imputed on the basis of living expenditure and expenses for the maintenance or acquisition of certain assets (i.e. real estate, owned or leased motor vehicles, pleasure boats etc.). Imputed income will constitute taxable income if it exceeds the declared family income, unless there is evidence that the difference between imputed and declared income is otherwise justified (e.g. via income taxed in prior years, borrowing etc.).

Non-Greek tax residents are not subject to imputed income on the basis of living expenditure. However, they can be subject to imputed income on the basis of acquisition of certain assets on condition they earn actual Greek source income, regardless if such income is taxed or tax exempt. In such cases the difference between actual and imputed income may be justified (e.g. by the importation of foreign exchange, etc.).

Benefits in Kind

The market value of any benefit in kind received by an individual or his relatives is added to the individual's taxable income from employment services, provided that the total value of these benefits exceeds EUR 300 per tax year. Furthermore, there is a special calculation of certain benefits in kind provided to an employee, partner or shareholder which are explicitly stipulated by law, namely company cars, loans, stock options and housing.

Income tax scales / Tax rates / Special Solidarity Contribution

Each type of income is taxed separately depending on its classification. The same rates apply for residents and non-residents, unless a Double Tax Treaty (if applicable) stipulates otherwise. Tax withheld at source is deducted from the final tax liability.

Employment & Pension Income & Business activity

Employment and pension income and income earned by an individual from business activities is taxed based on the below progressive scale:

Basic Tax Scale

Income bracket in EUR	Tax Rates 2022
0 - 10 000	9%
10 001 - 20 000	22%
20 001 - 30 000	28%
30 001 - 40 000	36%
≥ 40 001	44%

Since profits arising from business activity for individuals are also taxed at the above tax scale, where a taxpayer receives employment income and at the same time earns income from business activity, the aggregate of income from both sources is taxed based on the above tax scale.

Special Taxation of Athletes & Coaches:

A special tax regime is introduced for athletes under certain conditions. Specifically, it is stipulated that income earned by professional athletes from sports corporations, departments of remunerated athletes or recognized sports clubs, is taxed at a flat tax rate of 22% exhausting any further tax liability provided that the amounts received in one lump sum or in instalments for a transfer contract or the renewal or termination of their contract, exceed EUR 40 000 within the respective tax year. Otherwise, the regular employment income tax scale applies.

Tax scales on distribution or pay-out from Company's Group Pension Plan

Amounts payable to beneficiaries on the basis of group pension plans are taxed at source as follows. The tax is withheld by the life insurance company. The below rates are increased by 50% in case of early redemption.

- 10% for the first EUR 40 000 of a lump sum payment and 20% for the part exceeding EUR 40 000,
- 15% for every periodically paid benefit.

Tax scale on severance/indemnity payments

Indemnity bracket in EUR	Tax rate
0,00 - 60 000,00	0%
60 000,01 – 100 000	10%
100 000,01 – 150 000	20%
≥ 150 000	30%

Investment income

Rental Income

Income bracket in EUR[1]	Tax rate
0,00 - 12 000,00	15%
12 000,01 - 35 000,00	35%
≥ 35 000,01	45%

[1] *In determining taxable rental income certain minimal permitted deemed and actual expenses are deducted from gross rents.*

Tax treatment of real estate leasing through the sharing economy

Income arising from real estate leasing through the sharing economy will be taxed under rental taxation provisions (rental income) and not as a business activity, whereas the leasing of real estate in this case is exempt from VAT. The only condition is that each real estate shall be leased for less than a year and no services shall be provided.

Dividends/Interest/Royalties

Type of investment income	Tax rate
Dividends	5%
Interest	15%
Royalties	20%

Capital Gains

Capital gains arising from the sale of shares (in Greece or abroad) are taxable as follows:

- In case capital gains arise from the sale of non-listed shares then the applicable tax rate is 15%.
- in case capital gains arise from the sale of listed shares then the applicable tax rate is 15% on the condition that the following are cumulatively met:
  - a) the individual-shareholder seller holds at least 0.5% of the share capital of the listed entity, and
  - b) the individual-shareholder seller acquired the shares after 1 January 2009.

Furthermore a 0.2% stock exchange transaction duty applies on the sale proceeds of listed shares.

Equity Compensation: Stock Options & Free Shares

Stock options

A new stock options tax framework was introduced as of 1 January 2020, where if the shares that are acquired upon exercise, are or have been retained for a period exceeding 24 months counting from the date of grant (36 months under certain conditions for small enterprises), any income gained from their sale shall be taxed as capital gains at a flat-tax rate of 15%. However, if the holding period is less than 24 months, the benefit in kind assessed upon sale of the shares will be taxed as regular employment income (progressive income tax scale and solidarity contribution).

Free Shares

A new favorable tax treatment was introduced as of 1 January 2020 on the distribution of company's free shares to its employees within the framework of a share plan, which requires the achievement of specific performance goals or the occurrence of a certain event. In particular, the income arising from the sale of shares, which were acquired via such free share plans, is treated as capital gain and is taxed with a flat tax rate of 15% with no limitation to the retention period. The above provisions are applicable to income earned in tax years commencing as of 1 January 2020 (e.g. shares vested as of 2020 onwards).

Tax exempt investment income

Depending on the type of financial instrument, different tax treatment applies on the investment income arising therefrom. For example, amongst others, interest income from Greek State Bonds, capital gains from Greek and EU/EEA corporate bonds, capital gains from EU/EEA registered UCITS (Mutual Funds) are exempt for income tax purposes, but are however still subject to solidarity contribution.

Special solidarity contribution

The special solidarity contribution to which total annual income (actual or imputed) was previously subject (based on a progressive scale ranging from 0% to 10%) is abolished as of 2023.

Deductible expenses

The following amounts inter alia, are not included in the calculation of employment income and pensions:

- Obligatory contributions to social security funds.
- Insurance contributions paid by the employee and the employer to Professional Funds established by law;
- Insurance premiums paid by the employee or the employer on behalf of an employee within the framework of group pension plans.

Tax Credits

The tax credits outlined below are only applicable in case of Greek tax residents as well as non-residents who meet certain conditions.

Standard tax credit

The tax credit on employment/pension income up to EUR 20 000 is set as follows:

- EUR 777 for taxpayers with no children
- EUR 810 for taxpayers with one child
- EUR 900 for taxpayers with two children
- EUR 1 120 for taxpayers with three children
- EUR 1 340 for taxpayers with three children

For each additional dependent child EUR + 220

The amount of tax credit is reduced by EUR 20 for every additional EUR 1 000 of income exceeding the threshold of EUR 12 000. This provision does not apply to taxpayers with 5 or more dependent children.

The above provisions are applicable to income earned in tax years after 1 January 2020.

Expense Receipts

As of 1 January 2017 the above standard tax credit is only available if a minimum value of expenses are incurred by individuals via electronic means of payment depending on the individual's income. The level of expenses required is calculated based on a flat rate which applies on the actual income. Namely employees, pensioners, freelancers and other independent earners should incur expenses by using electronic means of payment within the EU or EEA equal to 30% of their actual income, with a maximum expenses ceiling of EUR 20 000.

Amongst other categories, non-residents as well as Greek tax residents who reside or work abroad are exempt from such measure.

A tax of 22% is imposed on the difference between the amount required and the amount declared, when the minimum amount of expenses is not effected via electronic means of payment. While calculating the actual income, solidarity contribution and alimony payments are not considered. Special provisions apply on certain categories of taxpayers.

Donations

The donations tax credit is increased to 20% of the cash donated to the State, municipalities and certain other local institutions (religious, philanthropic, educational, medical) exceeding EUR 100 and amounting in total to lower than 5% of the taxable income. In addition, the value of medical equipment and ambulances donated to certain hospitals may be tax deducted

Other Tax Credits

A new tax credit is being introduced as a percentage of the expenses made for aesthetic, functional and energy upgrade of buildings (which are not or will not be subject to the buildings' upgrade program), on condition that such expenses are made via electronic means of payment or via a payments service provider. Respective expenses are considered as tax credit in 4 equal instalments at 40 percent of their value, with a total maximum value of expenses of EUR 16 000. The above provisions are applicable to expenses incurred in tax years after 1 January 2020 and until 31 December 2022.

Filing and payment

Every taxpayer 18 years of age and older is obliged to file a Greek income tax return. Personal income tax returns are filed electronically by 30 June of the year following the year in which income arose. The filing deadline is extended to 31 December in case of taxpayers who have filed an application for the amendment of their tax status to non-residents.

Married persons are subject to tax separately on their own income but are required to file a joint tax return unless an application to file separately has been timely filed. The requirement for joint return does not apply in case of civil unions/partnerships (for both opposite sex or same sex couples), however they do have the option of joint or separate filing.

The assessment note is electronically issued upon submission of the annual tax return. The tax assessed is payable either in a lump sum or in three equal bimonthly instalments. In case of refunds, the amount is deposited directly to the individual's bank account.

In case of the special tax regimes different tax filing obligations and payment deadlines may apply.

Other taxes payable and formalities to be followed by individuals

Tax treatment of luxury living

Tax on luxury living is imposed on the amount of annual imputed income arising, amongst others, from the ownership or use of private cars exceeding 1 929 cc, swimming pools, private yachts/boats exceeding 5 meters etc. The rates range from 5% to 13%. The only exemptions are private cars of more than 10 years of age from the date of their first circulation in Greece and cars of disadvantaged / disabled individuals.

Tax on acquisition, holding and disposal of real estate property

Individuals are also subject to these taxes (see relevant section on real estate taxes).

Change of tax residence status

A taxpayer who relocates outside Greece and wishes to transfer his tax residence abroad should proceed with certain exit notification formalities. Specifically, he/she shall file an application for the change of his/her tax residency status to non-resident no later than the last working day of the first ten (10) days of March of the tax year following the tax year of departure. Furthermore, he/she is obliged to submit no later than the last working day of the first ten (10) days of September additional supporting documents (e.g. tax residence certificate etc.) in order for the change of his tax residence to be completed.

Inheritance and donations tax

Inheritance/donations tax is based on the value of property received. The tax is based on a graduated scale of rates which increases as the value of the property increases.

The rates also vary depending on the degree of relationship between the deceased or donor and the recipient of the property. Lower rates are imposed on close family members than on distant relatives or unrelated persons. Similarly, close family members are granted a higher tax free bracket and broader brackets with lower tax rates than distant relatives or unrelated persons. The tax rates for all degrees of relationship range from 0 to 40%.

Inheritance tax applies on all property located in Greece and owned by Greek or foreign citizens. Inheritance tax applies also on movable property located abroad owned by Greek citizens (except those residing abroad for more than 10 years) or foreign citizens permanently resident in Greece.

Donation tax applies on all property located in Greece and owned by Greek or foreign citizen. Donation tax also applies on movable property located abroad and owned by Greek citizens (except for those residing abroad for more than 20 years and for those residing abroad for more than 10 years on condition that the donated property has not been acquired in Greece during the last 12 years) or owned by a foreign citizen and donated to a Greek citizen or resident. Especially for donations effected as from 1 October 2021 between relatives of the first category (i.e. for donations granted to spouses, partners based on a civil partnership agreement, children, parents, grandchildren), there is a tax free bracket applicable for donations with a value up to EUR 800 000 (in the case of cash donations, the tax free bracket applies on condition that the donated funds are transferred through credit institutions).

Filing obligations within specified deadlines apply for both donation and inheritance tax.

Assets declaration return (Pothen Esches) and declaration of financial interests

In order to enhance transparency and combat tax evasion and tax avoidance, certain categories of individuals are obliged to submit:

(i) an **Assets Declaration Return** reporting their worldwide assets and those of their spouses and minor children,

(ii) a **Declaration of Financial Interests** indicating their and their spouse's personal business activities, participations in companies and other relevant information.

Electronic submission is required as follows:

- Initial return: within 90 days from the individual's appointment or commencement of the relevant obligation due to a public procurement.
- For subsequent years: annually, within three months of deadline for submission of annual Greek income tax returns, for years of appointment/obligation and for one year (or three years in certain cases) after termination of engagement/obligation.
- A list of obliged individuals must be submitted by the end of February of each year by the legal entities engaging the obliged individuals.

Administrative and criminal sanctions are imposed on individuals who fail to comply with the legal requirements for the timely submission of an accurate Assets Declaration Return.

Indicative list of obliged individuals
Owners, individual shareholders, executives and key management of Greek companies engaged with public procurement, as well as Greek residents holding the above positions in foreign companies engaged with public procurement in Greece, provided the compensation agreed pursuant to the public contract exceeds certain thresholds.
Executives of credit institutions, financial institutions, investment companies, public entities and state-owned enterprises.
Executives and directors of the Bank of Greece.
The Chairman, executive members of the BoD and key management of Hellenic Exchanges SA and its controlled entities as well as any other entity of the regulated market.
Owners, individual shareholders, executives and directors as well as journalists of media companies.
Politically exposed persons and employees in certain public authorities and entities as well as the members of public procurement and certain other committees.
Judges, prosecutors and members of the Council of the State.

Special Tax Regimes

Greece has introduced three special tax regimes in an effort to attract tax residents in the country based on different profiles. The characteristics of each regime are outlined below.

	High Net Worth Individual (HNWI) Regime	Foreign Pensioners Regime	Attracting foreign individuals to work in Greece
Conditions of the program	• Not a Greek tax resident for the seven (7) out of eight (8) years preceding the relocation to Greece • Can prove that they or their relatives or a legal entity in which they hold the majority of the shares, invests in real estate or moveable assets or shares of legal entities based in Greece • Minimum investment of EUR 500 000 within a period of three (3) years.	• Foreign pensioner • Not a Greek tax resident for the five (5) out of the last six (6) years preceding the relocation to Greece • Transfers tax residency from a country with which Greece has in force an agreement for administrative cooperation in tax matters.	• Not Greek tax residents for the five (5) out of the last six (6) years preceding the relocation to Greece • Transfers tax residency from a member country of the E.U. or the E.E.A. or from a country with which Greece has an agreement in force for administrative cooperation in tax matters • Provides services in Greece, via employment contract or via business activity • Declares intention to stay in Greece for at least two (2) years • Applies only in case of "new job offerings/positions".
Preferential alternative taxation	• A lump sum tax of EUR 100 000 on an annual basis (extinguishing tax liability on global foreign source income) • Plus a lump sum tax of EUR 20 000 on an annual basis, in case a relative utilizes respective provisions.	• Annual flat tax rate of 7% on total foreign source income	• Eligible to income tax and solidarity exemption on 50% of employment income earned in Greece during any tax year • Exemption equally applies to individuals who will transfer their tax residency in Greece in order to operate business in Greece. Namely, 50% of their business activity income derived in Greece is income tax exempt.
Application deadline & Competent Authority	• Application shall be filed by 31 March at the non-resident's tax office • Supporting documents shall be submitted by May.	• Application shall be filed by 31 March at the non-resident's tax office • Supporting documents shall be submitted by May.	• Application shall be filed upon arrival or within the same tax year. If filed the following year, it is examined for such year. • In case of commencement of employment or business activity by 2 July the application is reviewed for respective tax year, otherwise for the following year.
Statute of limitation of the regime	• Fifteen (15) tax years.	• Fifteen (15) tax years.	• Seven (7) tax years.
Greek tax reporting, FTC, other	• Annual tax return filing requirement, reporting only Greek source income • No FTC available • Exempt from inheritance and donations tax on any foreign assets.	• Annual tax return filing requirement, reporting world wide income • FTC available • Subject to inheritance and donations tax on any foreign assets.	• Annual tax return filing requirement, reporting world wide income • FTC available • Exempt on imputed income from use of residency and private car.

Other Considerations applicable to all regimes

- Imputed Income (on acquisition and possession)
- Luxury Tax
- Visa requirements/residence permit.

6 Employment

Regulations

Employment regulations are set out in laws, as well as in Collective Labour Agreements (CLAs)/ Arbitrary Decisions, Ministerial Decisions and other administrative guidance (such as Circulars of the Ministry of Employment).

Recruitment

A Greek employer may recruit personnel either directly or through an employment agency. Commencement of employment must be notified to the employment authorities in accordance with the applicable legislation, whereas similar notification obligations apply in case of changes of working conditions or termination of employment.

In addition, for temporary needs, it is possible to hire personnel through a temporary employment agency.

Employment agreements

Agreements can take one of the following forms:

- Indefinite duration employment agreement (full or part time);
- Defined term employment agreement (full or part time).

Other flexible working arrangements are possible (e.g. seasonal work, rotating employment etc.). Under certain conditions, defined term employment agreements that are continuously renewed by the employer could be considered indefinite duration agreements.

Termination of employment agreements

Provided that the conditions provided for by law are met, termination of employment is legally valid.

There is no notice period requirement nor any obligation to pay dismissal indemnity in case of dismissal before the completion of twelve months of employment for employment of indefinite duration (the first twelve months can in practice be considered a trial employment period).

Thereafter, termination of indefinite duration employment agreements can be made upon prior notice (with reduced indemnity) or with immediate effect (with full indemnity). Both the notice period and the dismissal indemnity depend on the length of the employee's term of service and initial date of hire. Both the notice period and the dismissal indemnity due depend on the employee's term of service with the terminating employer (either on the effective date of termination or on 12 November 2012 in case of employees hired before this date). The notice period ranges from 1 month to 4 months.

In case of termination of indefinite duration employment with immediate effect, the dismissal indemnity depends on the term of service of the employees as follows:

a) Employees who on 12 November 2012 had up to 16 years of service or have been employed on/ after 12 November 2012 are entitled to dismissal indemnity ranging from 2 to 12 monthly salaries (no dismissal indemnity is due in case of dismissal before the completion of one year of service with the terminating employer).

b) Employees who on 12 November 2012 had completed 17 years of service or more with the terminating employer are entitled to dismissal indemnity of 12 monthly salaries plus additional amounts (ranging from 1 to 12 monthly salaries (limited to the amount of EUR 2 000 each, if the actual salary exceeds this threshold) depending on the actual term of service.

Dismissal indemnity in case of dismissal of employees with term of service up to 16 years (completed) is calculated on the basis of the regular remuneration of the last employment month of the employee, increased by 1/6 to also cover the proportion of the obligatory allowances provided for by Greek employment legislation (i.e. the Christmas and Easter allowance, vacation allowance explained below), whereas following the completion of 17 years of service, 1 monthly salary (limited to EUR 2 000 if higher) per year and up to 12 monthly salaries is also due.

In case of termination of defined term employment agreements, the employer is normally required to pay to the employee all salaries due until the agreed expiry date unless the dismissal is made on serious grounds or the agreement provides for its conversion to indefinite term employment agreement as of its termination (in this case, the indefinite term agreements termination rules apply).

Working Hours

The working week is generally 40 hours over a five-day work week although under certain conditions the extension of the working week to six days is possible. Further, under certain conditions (in case of flexible working arrangements) the 40 hours can be divided in four days per week.

The first five hours worked in a week over 40 for companies working 5-day weeks and the first eight hours worked in a week over 40 for companies working 6-day weeks are considered "overwork" and are paid at the agreed hourly rate increased by 20%. Overwork is permitted only in exceptional cases. Time in excess of the 45 or the 48 hours is deemed to be legal overtime and is paid at the agreed hourly rate increased by 40% (for up to 3 hours on a daily basis and up to 150 hours on an annual basis). Overtime is considered to be legal when certain conditions are met. Otherwise, overtime is paid at the hourly rate increased by 120%.

Both overwork and overtime must be notified electronically to the employment authorities (ERGANI) by the employer on a daily basis before the employee works the overwork/overtime.

Wage Rates

Minimum rates of pay are set by the National General Collective Labor Agreement (CLA) or by the applicable law (in case the parties to an employment agreement are not parties to the National General Collective Labor Agreement). Certain industries and trades have their own Collective Labor Agreements, which provide their own minimum wage and salary rates (Sectorial or Professional CLAs). Finally, CLAs can also be established at a business level, setting the employment terms to apply to the business in question, which cannot be less favourable than those set by the Sectoral or the National General CLA.

Annual leave/Christmas, Easter and vacation allowances

Employees are entitled to paid vacation from commencement of their employment. Annual vacation must be taken by 31 March of the year following the one it accrued; otherwise, the employee is entitled to compensation for vacation days not taken. During the first calendar year of employment (i.e. year of hiring), employees are entitled to annual vacation on a pro-rata basis but in any case the total annual vacation that they are entitled to in such first partial year will be determined on the basis of 20 working days annually if they work 5-day weeks or 24 working days annually if they work 6-day weeks. One day is added for each of the next two years of employment until 22 or 26 working days for 5-day weeks or 6-day weeks respectively. After the completion of 10 years of employment with the same employer, or 12 years of employment in total, employees working 5-day weeks are entitled to 25 working days of vacation, and employees working 6-day weeks are entitled to 30 working days of vacation.

Allowances must be paid to employees of the private sector at Easter, at the time of annual vacation, and at Christmas. The Easter and vacation allowance is equal to just over one half a monthly salary, whereas the Christmas allowance is equal to just over one monthly salary. For new employees all the allowances are prorated in accordance with days worked. Essentially, the allowances amount to the payment of just over 14 annual salaries to employees.

In addition to annual vacation as above, public holidays are also provided for by Greek labour legislation.

Social security system

The main Social Security Fund is the Unified Social Security Fund (EFKA) which consolidated most of the main pension social security funds operating in the past. In addition to EFKA, employed persons must also be covered by a supplementary retirement fund, currently the Unified Fund for Supplementary Pension and Lump Sum Benefits (ETEAEP). All social security funds are under the supervision of the Ministry of Employment.

Employers are required to register with EFKA and must register their employees as of the first day of employment. Their registration with and contributions payable to ETEAEP are handled by the EFKA offices.

Registration with the Social Security Authorities is required for both Greek nationals and foreign nationals employed in Greece (unless the latter can be exempted on the basis of either EU legislation or Bilateral Social Security Conventions).

The ceiling on the monthly salary (including Christmas, Easter and vacation allowances) on which contributions are payable is currently set at EUR 6 500 gross and the minimum at

EUR 663 gross (for full time employment).

The employer withholds the employee's portion of social security contributions from the employee's pay and remits it together with the employer's share of social security contributions (which are paid on the agreed gross remuneration) to the Greek State in accordance with explicitly defined procedures. For full

time dependent employment, the contributions are calculated at the following standard rates:

Employer’s rate: 22.29%

Employee’s rate: 13.87%

The above are the standard rates and deviations might arise depending on the employee’s specialization. Further, contributions are increased where employment is of a hazardous or of an exceptionally demanding nature.

The social security system provides benefits on retirement and in the event of sickness, industrial injury, unemployment, maternity and parenthood.

Immigration requirements

As a general rule, third country nationals intending to work in Greece must apply for an entry permit (visa) before arriving in Greece and for a residence permit after their arrival in Greece. The type of visa and residence permit depends on the type of employment activities to be carried out locally. Of the residence permits provided for by Greek immigration legislation, the most lengthy and burdensome procedure is that applying to low level employees (as it also involves a procedure to prove that job vacancies to be filled by foreign nationals cannot be filled by Greek nationals), whereas other visas/residence permits are easier to obtain (for instance, executives of Greek subsidiaries of foreign groups). In general, compliance with immigration requirements involves the following stages:

- Filing of the visa application and supporting documentation with the Greek Consulate of the country of the applicant’s residence and issuance of the required visa;
- Filing of the residence permit application and supporting documentation with the relevant Greek authorities immediately following the applicant’s legal entry to Greece and issuance of the residence permit required.

Depending on the type of residence permit to be issued, it could have one or two years duration, whereas for certain types of permits the applicants could be accompanied by their dependents at the time the application is filed.

Citizens of EU member states residing or working in Greece for a period exceeding three months must obtain a certificate of registration of EU citizen. In practice, it may be necessary to obtain such a certificate even if the stay is shorter than three months.

Greece is a full member of the Schengen zone applying the respective rules.

7 Real estate taxation

Taxation upon the acquisition of Greek real estate

The sale of Greek real estate involving a new building is subject to 24% VAT, which burdens the purchaser and which is imposed on the higher between the sale price and the Objective Tax Value (“OTV”). The OTV is calculated based on a formula which takes into consideration factors/elements characterizing a property, such as its location, surface, age and use. A new building is one that is transferred prior to its first use and whose building permit is issued (or renewed) on or after 1 January 2006. By exception, until 31 December 2022 (expected to be extended until 31 December 2024) the imposition of VAT on the transfer of new buildings may be suspended subject to the filing of an application by respective constructor. In such cases, the relevant sales of real estate will be subject to Real Estate Transfer Tax (“RETT”).

The sale of plots of land and the sale of real estate involving buildings not qualifying as new (or falling within the scope of the abovementioned suspension regime) are generally subject to RETT and a municipality surcharge, which burden the purchaser and are calculated at the effective rate of 3.09% on the higher between the sale price and the OTV.

Subject to conditions, individuals purchasing real estate destined to cover their principal residence needs can be exempted from VAT, or RETT (as the case may be). The RETT exemption can also apply for certain transfers carried out within the context of regulated leasing contracts.

VAT or RETT are generally VAT recoverable/tax deductible (as applicable) when the purchaser of Greek real estate is a legal entity.

Real estate ownership taxes

Ownership of Greek real estate can give rise to a number of taxes/charges that can result in a material burden.

Unified Real Estate Ownership Tax (UREOT)

The main real estate ownership tax is UREOT, which is imposed on Greek and foreign individuals and legal entities possessing Greek real estate as at 1 January of each year. UREOT is also imposed on the exclusive right of use that is allocated to parking lots and swimming pools constituting appurtenance to a particular real estate, even if the parking lot/swimming pool is located on real estate destined for common use. Furthermore, plots of land located outside city limits are also in principle subject to UREOT.

For individuals, UREOT consists of the aggregate of the main tax of all buildings and plots of land within and outside city limits, plus the tax assessed on the total value per right in rem to real estate.

The main tax on buildings ranges from EUR 2 to EUR 16.20 per sq.m., depending on the building’s location/tax zone, and is multiplied by coefficients that depend on factors such as the building’s surface, age, use, floor, and number of facades.

For plots of land located within city limits or zoned areas, the taxable basis is the product of certain coefficients that depend on factors such as the starting price of the plot of land, its surface area and its façade(s). The taxable basis is then divided by the surface area of the plot of land and the quotient constitutes the unit value of the plot of land; such unit value determines the rate of the main tax, which ranges from EUR 0.0037 to EUR 9.25 per sq.m.

For plots of land located outside city limits or zoned areas, the main tax is calculated at EUR 0.001 per sq.m. and it is multiplied by certain coefficients that depend on factors such as the plot’s location, surface area, use, whether it is irrigated, etc. The main tax is increased fivefold, if a residence is built on respective plot of land.

In addition, a tax is imposed on the total value of rights in rem to real estate owned by individuals. Pursuant to a special methodology, 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 does not exceed EUR 300 000, neither in case of rights on plots of land located outside the city limits or settlement plan.

Furthermore, UREOT 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 zoned areas.

For legal entities, UREOT consists of a main tax and a supplementary tax.

The main tax on buildings, plots of land located within city limits or zoned areas, and plots of land located outside city limits or zoned areas, is calculated as stated above.

The supplementary tax is imposed for the total value of the legal entity's real estate and is calculated at the rate of 0.55% on the corresponding OTV. Such rate is reduced to 0.1% for property used in order for a legal entity to carry out its own business activities.

Special Real Estate Tax (SRET)

Greek and foreign legal entities owning real estate in Greece can also be subject to an annual Special Real Estate Tax (SRET), which is calculated at the rate of 15% on respective OTV. A number of SRET exemptions can apply subject to the fulfilment of rather formalistic conditions, including exemptions covering entities who reveal all their ultimate individual shareholders and such shareholders possess Greek tax identification numbers, listed companies, Real Estate Investment Companies/ Trusts, regulated financial and banking institutions, and companies whose business income exceeds real estate income. The above real estate ownership taxes and charges are generally deductible for corporate income tax purposes.

Other charges

Less burdensome charges levied through electricity bills are municipality duties and an additional duty (so called "real estate ownership duty") that is calculated at rates ranging from 0.25‰ to 0.35‰, depending on factors/elements characterizing a property, such as its location, surface and age.

Taxation on income from the exploitation of Greek real estate

Legal entities earning real-estate rental income include such income in their business income and are subject to corporate income tax (currently at the rate of 22%).

Rental income earned by individuals from the exploitation of Greek real estate is taxed separately from their other income, with such tax being calculated at rates ranging from 15% to 45%.

The above rates also apply to payments resulting from rentals agreed through electronic platforms; however, where the owner is an individual who also provides other related services (e.g. cleaning), that individual should charge Greek VAT (at the reduced rate – currently 13%), while respective rental income would be taxed as business income at rates ranging from 9% to 44%.

Certain cases, including the rental of real estate for no consideration, can give rise to imputed taxable income.

In addition to giving rise to taxable income, rental payments relating to commercial leases are subject to 3.6% stamp duty (which is deductible for income tax purposes), unless the involved parties are VATable persons and they opt to subject them to VAT, or if the property is governed by a regulated financial leasing contract.

Taxation upon disposal of real estate

Capital gains from the sale of real estate by legal entities are treated as business profits and are pooled with other income to be subjected to corporate income tax (currently at the rate of 22%).

Currently individuals selling Greek real estate are not subject to capital gains tax in Greece. The relevant provision imposing capital gains tax on individuals introduces a 15% tax which is calculated on capital gains exceeding EUR 25 000 (provided the individual has been holding the real estate for at least 5 years), but this provision is not in force until 31 December 2022 and expected to be suspended again until 31 December 2024 (in fact, its application has been suspended for 5 years now).

If an individual carries out three or more real-estate transfers within a period of two years, the resulting capital gains would be considered business income and become subject to income tax rates ranging from 9% to 44%.

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