

Tax Updates

4 January 2024



Consistent with our commitment to provide [updated information](#) on current tax issues, we set down below some interesting tax provisions introduced by virtue of the recently published Law 5073/2023

The recently issued **Law 5073/2023** (FEK A' 204/11.12.2023) introduced some very interesting tax provisions, the most important of which are the following:

Reduced rates for Capital Concentration Tax and Sales Tax for listed shares

The rate of capital concentration tax is reduced to 0.2% (from 0.5%) and the rate of sales tax on the transfer of listed shares is reduced to 1‰ (from 2‰). The new rates apply to transactions for which the tax liability arises after 11 December 2023.

Purchase of real estate using exclusively bank means of payment

The use of cash as a method of payment of the consideration for the sale and purchase of real estate is abolished and the use of bank means of payment of said consideration becomes mandatory. Moreover, notarial deeds drafted for the sale and purchase of real estate, which do not explicitly mention that payment of the consideration was realized through bank means of payment, shall be null and void and cannot be registered at the National Cadaster/Land Registry.

Full implementation of electronic books ("myDATA")

Full implementation of electronic books ("myDATA") is introduced, so that the revenues declared are not less than the revenues reported electronically to AADE, while it is also provided that expenses will not be considered deductible for tax purposes if the respective accounting records supporting them have not been reported electronically to the digital platform "myDATA". A decision of the Minister of Finance is expected to be issued to determine further details (e.g. time of reporting, time of entry into force of the above new regulations, business sectors that will be temporarily exempted from the above obligations until they have implemented the appropriate technical infrastructure for electronic reporting, threshold of deviations that will be acceptable by the tax administration and which should not exceed 30% of the value of the electronically reported records, etc.).

Penalties for cash payments over EUR 500

In case the taxpayer receives payment in cash that exceeds EUR 500 for the sale of goods or the provision of services, there is a penalty equal to twice the value of the transaction.

Extension of the period of eligibility for the e-invoicing incentives

The tax incentives for opting for e-invoicing using the services of e-invoicing providers are also valid for the tax year 2024. Moreover, the time provided for falling under the e-invoicing option is extended until 31 December 2024 for the tax year 2024.

Taxation of personal businesses and freelancers

Reduction of entrepreneurial duty by 50%

The entrepreneurial duty imposed on freelancers is reduced by fifty percent (50%) and thus set at EUR 325. This reduction applies to income earned in tax years 2023 onwards.

Determination of minimum imputed net income

A minimum imputed net income from business activity is introduced for freelancers and personal businesses, which should be up to EUR 50 000. Three factors are taken into account and aggregated for the calculation of the minimum imputed income:

- First factor: Whichever is higher between the applicable minimum wage (increased by 10% after the first six years of business activity, by another 10% after the next three-year period and another 10% after the second three-year period following the first six-year period) or the annual salary of the highest paid employee of the freelancer/personal business, and up to a maximum of EUR 30 000 in any case.
- Second factor: 10% of the total annual payroll cost of the enterprise and up to a maximum of EUR 15 000 in any case.

- Third factor: 5% of the amount by which the turnover of the enterprise exceeds the average annual turnover of the corresponding Activity Code Number (KAD), provided that the turnover of the enterprise exceeds the average annual turnover of the KAD (there are, however, cases where this surcharge does not apply).

Given that the determination of the imputed income is not undisputable, the law provides that the taxpayer may invoke certain circumstances, indicatively mentioned in the law, in order to prove the decline of business activity (e.g. serving the military, being in prison, hospitalization, pregnancy and maternity, adoption and fostering of children, natural disasters, revocation of the business license, prohibition of operation, other reasons of force majeure, etc.).

In any case, taxpayers have the right to request a tax audit of their business in order to prove that the income they declare, when lower than the imputed income, is real.

Moreover, the law provides for situations where the imputed income is reduced by 50% and also cases where this method of imputed taxation does not apply, while special arrangements are provided for freelancers with newly established business activity.

Finally, in order to confront abusive arrangements, the law provides that for a period of three years after its entry into force (i.e. until 2026), taxpayers who discontinue their freelance activity and participate as sole shareholders or partners in a single-person company carrying out a business activity with the same object may be taxed with the above mentioned imputed method if a tax comparison of the two cases shows that the tax imposed is lower than the tax which would have been imposed if the taxpayers had continued to carry out their business activity in the form of a sole proprietorship.

The above provisions apply to income earned in tax years 2023 and onwards.

Transfer of losses

In cases of imputed taxation as per the above, losses incurred can be carried forward for the following five (5) tax years in order to be offset against accounting profits.

Arrangements for short-term lease of real estate

As of 1 January 2024, the following regulations are introduced:

- Income earned by individuals from the short-term rental of three (3) or more properties is defined as income from business activity (and therefore those persons are required to proceed with the official commencement of business activity). However, income earned by individuals from the short-term rental of up to two (2) properties, without the provision of any services (other than the provision of bed linen), is considered as rental income.
- A limit of sixty (60) days is set on the duration of the lease in order to be considered a short-term lease. This limit applies to the duration of each individual lease (not the total duration of leases within the year).

- The climate crisis resilience duty, which has replaced the accommodation tax, is imposed also for short-term rentals at the amount of EUR 1.5 per day for the months of March to October (EUR 10 for detached houses over 80 sqm) and EUR 0.5 for the months of November to February (EUR 4 for detached houses over 80 sqm).

- More severe fines are imposed for failure to register in the Short-Term Stay Property Registry. Specifically, the new fine is set at 50% of the gross income of the tax year in which the infringement is committed, and it cannot be lower than EUR 5 000, whilst the penalty is doubled in case the infringement is repeated within one year from imposition of the initial penalty.

- In case all the apartments of an apartment building or a residential complex are available for short-term rental, then the apartment building or residential complex is considered as tourist accommodation and must have the relevant permits in place.

Other regulations for real estate

Climate crisis resilience duty

A climate crisis resilience duty is introduced to replace the accommodation tax, which was previously applicable to hotels and rooms to let. The duty varies depending on the category of accommodation and the time of year to which it relates and it burdens the occupant of the room, apartment, etc. As mentioned above, the climate crisis resilience duty applies also to short-term rentals.

Deduction of building renovation costs from personal income tax

Costs incurred after 1 January 2024 for the purchase of goods and the provision of services related to energy, functional and aesthetic upgrading of buildings, may reduce personal income tax, equally allocated over five (5) years, up to a maximum limit for total expenses of EUR 16 000. The amount of expenses for the purchase of goods that will be taken into consideration shall not exceed 1/3 of the expenses incurred for the provision of services. The above are subject to the condition that the expenses in question are supported by appropriate tax records and are paid by electronic means of payment.

Other regulations

VAT: Extension of reduced and super-reduced rates

The following reduced and super-reduced VAT rates will still apply after 31 December 2023:

- Zero VAT rate for the vaccines against COVID-19 as defined in the law.
- Super-reduced VAT rate of 6% for i) certain medical products defined in the law (e.g. defibrillators), ii) cinema tickets and iii) personal hygiene and protection items defined in the law.
- Reduced VAT rate of 13% for (i) the importation of art objects, collections or antiquities and the supply of objects of artistic value, (ii) zoo tickets, (iii) the supply of services by gyms and dance schools, and (iv) the transport of persons and their luggage.

Special Excise Duty (EFK)

The exemption from special excise duty for products sold in duty-free shops located outside airports or ports is extended until 31 December 2025.

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

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