

Tax Updates

18 September 2024



Consistent with our commitment to provide [updated information](#) on current tax issues, we set down below a brief overview of the most important provisions for the new Digital Transaction Duty

The provisions of the new Law 5135/2024 (Government Gazette A' 147/16.09.2024) introduce the new Digital Transaction Duty in replacement of the current stamp duty. We summarize below the key aspects of the new law regarding the Digital Transaction Duty and certain differentiations in comparison with the old regime of the Codified Law on Stamp Duty (K.N.T.X., Decree of 28 July 1931, A' 239).

Clear definition of the scope of the new Duty

The acts and transactions, on which the Digital Transaction Duty is imposed, are defined in a clear and restrictive manner and are stipulated and described in specific articles of the law (Articles 7-21 – Transactions in the private sector (i.e. between individuals and/or legal entities), Articles 22-29 – Transactions with the State, Article 30 – Fixed Duty on the issuance of certain licenses), thus providing greater security to the parties involved and the market in general.

Explicit exemption when other indirect taxes are imposed

The Digital Transaction Duty is explicitly excluded from transactions that fall within the scope of other indirect taxes, namely Value Added Tax (VAT), Real Estate Transfer Tax (RETT), Donation, Inheritance and Gambling Tax (Law 2961/2001), Capital Concentration Tax, Special Banking Tax and Vehicle Transfer Tax.

Definition of the persons liable to the Duty and the persons responsible for the filing of the relevant tax return and remittance of the Duty

With regard to transactions in the private sector between individuals and/or legal entities, it is defined that (unless otherwise provided in a specific provision of the law) the person liable for the Transaction Duty is the person that receives the monetary or any other benefit from the transaction, while it is clarified that the State and general government bodies (as well as the Holy Monasteries of Mount Athos and the Consignment, Deposits and Loans Fund) are not subject to the Transaction Duty. The person liable for the Transaction Duty is also responsible for the submission of the relevant tax return and remittance of the Duty, except where otherwise specified in the law.

In addition, special rules are introduced in case one of the parties is a foreign tax resident with no permanent establishment in Greece, in which case the other party is responsible for filing the tax return and remitting the Duty, as well as in case one party is a natural person and the other party is a legal entity, in which case the legal entity is responsible for the filing of the tax return and remittance of the Duty.

Filing of the tax return and remittance of the Duty

The procedure for payment of the Digital Transaction Duty involves the filing of a relevant tax return, which includes all transactions subject to the Digital Transaction Duty carried out in the preceding month. The tax return shall be submitted until the last day of the month following the month to which it relates. Remittance of the Duty shall take place within the same deadline. A clarifying circular on the details of the filing procedure is expected to be issued. An exception is provided for cases where there is an obligation to withhold and remit income tax, in which case the Transaction Duty shall be remitted at the same time and with the same procedure as for the withholding tax. Also, in the case of real estate rentals, the Digital Transaction Duty shall be remitted annually together with the income tax due by virtue of the annual income tax return.

Conditions for the refund of the Duty

The new law introduces the conditions for the refund of any Digital Transaction Duty paid before the issuance of licenses or the execution of transactions, in cases where the license was not finally issued or the contract was not concluded as well as when the transaction was not finally realized due to unforeseen change of circumstances. A clarifying circular is expected to be issued for further details on the refund procedure. The Digital Transaction Duty is still due, and no refund is feasible, if the transaction is realized even if it is later cancelled. Furthermore, any Digital Transaction Duty paid together with amounts which are refunded by the State as unduly paid, shall be refunded together with such amounts.

General principles governing the imposition of the Duty

Abolition of the principle of territoriality

The new law on Digital Transaction Duty is not governed by the principle of territoriality, which was applicable under the previous stamp duty regime. Accordingly, the Digital Transaction Duty is imposed on all transactions falling within its scope, regardless of the place of the transaction or the place where the contract was concluded or executed, provided however that at least one of the parties to the transaction is a Greek tax resident or has a permanent establishment in Greece and the transaction is linked to such permanent establishment.

Ancillary (Securitization) Agreements and Penalty Clauses

For ancillary agreements concluded for the securitization of the main contract, as well as for penalty clauses, the law provides that the Digital Transaction Duty is not imposed when the main contract was exempted or out of scope of the Duty or when the respective Duty was already paid for the main contract. In all other cases where the Duty is imposed on such ancillary agreements, the amount of the Duty already paid for the main contract will be deducted. Mortgages, mortgage prenotations and conversion of a prenotation into mortgage are the only ancillary securitization agreements where the Duty is charged anyway.

Amending Contracts

Amending contracts are subject to Digital Transaction Duty only to the extent that they increase the economic value of the contract they amend.

Transactions within the scope of the Duty and Rates

The transactions, which are subject to the Digital Transaction Duty, include real estate rentals (but not the rental of residences), loans, revolving credit facilities (current accounts), withdrawals and deposits from/to legal entities by their shareholders or partners, transfer of business, waiver of debts, debt recognition, assumption of debts, assignment of claims, compromise agreements, consignment, payment of compensation, remuneration for services rendered, prizes and awards, etc. The Duty is also imposed on various transactions with the State, such as the payment of subsidies and grants, remuneration for services, compensation, collection of fines, transactions at the land registry offices, etc.

We note that the additional contribution for OGA (20% surcharge on the stamp duty) is abolished by virtue of the new law, and the rates of the Digital Transaction Duty are set at percentages similar to those applicable under the previous regime of stamp duty (i.e. 3.6%, 2.4% and 1.2%, as appropriate) and are specifically defined for each transaction.

Finally, a Fixed Digital Transaction Duty is imposed on the issuance and renewal of various licenses/permits (e.g. hunting license, firearms license, driving license, residence and work permits, passports, etc.).

Special provisions for Loans

On what concerns loans in particular, the basic rules governing the imposition of the new Transaction Duty are as follows:

Exceptions

No Digital Transaction Duty is imposed in the following situations:

- when either the Lender or the Borrower is a credit institution or a payment institution or an electronic money institution or a credit servicer (of Law 5072/2023), licensed and supervised by the Bank of Greece;
- on bond loans of Law 4548/2018;
- when the lender is a foreign bank;
- when the borrower is a legal entity, and the capital is payable to its permanent establishment abroad on condition that the transaction is connected with the activity of the permanent establishment;
- when the loan is granted within the framework of programs of the Hellenic Development Bank.

Conversion of outstanding loans into new ones

The Digital Transaction Duty applies also to the conversion of outstanding debts arising from loan agreements (loan capital and interest) into new loans provided that the initial loan had not been subjected to Digital Transaction Duty or was exempted.

Maximum threshold of EUR 150 000

The Digital Transaction Duty imposed per loan cannot exceed the amount of EUR 150 000. We also note that in the case of revolving credit facilities (current accounts) there is a threshold of EUR 150 000 for the Digital Transaction Duty to be imposed per fiscal year (taking into consideration that in the case of such facilities/accounts, the Transaction Duty is calculated per fiscal year on the amount of the highest credit or debit balance of the year).

No Duty on Loan Interest

A significant difference, as compared to the previous regime, is the fact that no Digital Transaction Duty shall be imposed on interest arising from loans.

Duty rates

The 2.4% rate is applicable on loans between individuals engaged in business activities (if the loan is related to such activities) or where at least one of the parties is a Greek or foreign company or partnership (i.e. Societe Anonyme (AE), Limited Liability Company (EPE), Private Company (IKE), Limited Partnership or General Partnership (EE or OE)). In any other case, the rate of 3.6% applies.

The Digital Transaction Duty is calculated on the loan capital disbursed and not on the loan capital stated in the loan agreement, even if the disbursed amount exceeds the amount agreed in the loan agreement.

Entry into force – Transitional provisions

The new provisions entered into force upon publication of the law in the Government Gazette (16 September 2024).

The Digital Transaction Duty will be imposed on transactions concluded as of 1 December 2024, while transactions concluded until 30 November 2024 shall be subject to stamp duty.

From 1 January 2025, the Stamp Duty Code will be annulled.

Finally, in order to ensure smooth transition to the new legal framework, a number of transitional provisions have been put in place to govern transactions concluded before 1 December 2024 (e.g. renewals, ancillary contracts, contracts signed abroad, etc.).

Contact us

Christos Krestas

Partner
Tax

T: + 30 210 60 62 430

E: ckrestas@kpmg.gr

More information at

kpmg.com/socialmedia



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

GCR 003467701000

© 2024 KPMG Advisors Single Member S.A., a Greek Societe Anonyme and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.