

# GMS Flash Alert

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## Greece - New Developments Concerning Special Solidarity Contribution Tax

Greece's government ratified the law on 23 September 2022 abolishing the special solidarity contribution tax on all types of income as of 1 January 2023.<sup>1</sup>

In addition, the government also approved the expense receipt measure, according to which medical (health) expenses will be doubled when calculating the expense receipt ceiling to be met for a specific level of income.

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### WHY THIS MATTERS

The special solidarity contribution tax has been in force for several years and has not only raised the tax burden on individuals subject to Greek tax law – and thus raised the costs of international assignments in Greece – but presented some payroll, remittance, and administrative challenges for employers. (For prior coverage, of the special solidarity contribution tax, see [GMS Flash Alert 2020-474](#), 30 November 2020 and [GMS Flash Alert 2019-141](#), 11 September 2019.)

With the abolishment of the special solidarity contribution tax, for many taxpayers, they will enjoy a lighter tax burden and employers will have one less tax to collect and remit. And their international assignments costs should be somewhat reduced.

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### Special Solidarity Contribution

Paragraph 74 of article 72 of the Income tax Code is amended as follows:

- a) For the **tax year 2022, all income is exempt** from the special solidarity contribution under article 43a **except for income earned from employment in the public sector and income from pension.**

b) **As of 2023 onwards**, the special solidarity contribution is **abolished for all types of income**.

### Expense Receipts Measure and Health Expense Receipts

Especially for fiscal years 2022 through 2024, certain sub-categories of health expenditures (for which the use of electronic transactions is not widespread), are calculated at twice their value to cover the required amount of expenditures for purposes of the expense receipts measure.

As of 1 January 2017, the tax credit is linked to a minimum value of expenses that must be made by individuals via electronic payment, depending on the individuals' level of income. (For our 2017 report, see [GMS Flash Alert 2017-073](#), 21 April 2017.) A flat rate applies for the determination of the income tax reduction related to said electronic transactions. Employees, pensioners, freelancers, and other independent earners should pay their expenses by using electronic means of payment within the European Union or the European Economic Area equal to 30 percent of their actual income, with a maximum expenses ceiling of EUR 20,000.

A penalty of 22 percent of the difference between the required amount versus the actual amount spent via electronic means, will apply. When calculating one's actual income, the solidarity contributions and alimony payments are not considered. Special provisions for certain categories of taxpayers apply.

### FOOTNOTE:

1 Law 4972/2022 dated 23 September 2022 (FEK A' 181/23 September 2022) <http://www.et.gr/DailyFeks> .

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## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or the following professional with the KPMG International member firm in Greece:



**Georgia Stamatelou**  
**Partner, Head of Tax & Legal**  
Tel. + 30 210 60 62 227  
[gstamatelou@kpmg.gr](mailto:gstamatelou@kpmg.gr)

**The information contained in this newsletter was submitted by the KPMG International member firm in Greece.**

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