

# DOING BUSINESS IN GREECE



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# Foreword

“Doing Business in Greece” has been prepared by Kypris and Associates S.A. as a general introduction to those wishing to set up an enterprise in Greece.

The information in this guide is current as of August, 2019, unless so stated. However, those wishing to do business in Greece should seek detailed professional advice.

# Facts & Background

## Geography and population

**Comprises:** The mainland of Greece, which is bounded by Albania, The Republic of North Macedonia, Bulgaria and Turkey, together with approximately 1,400 islands in the Aegean and Ionian Seas (19% of the total area), 227 of which are inhabited and with a coastline of over 15,000 kilometres.

**Area:** Approximately 133,000 square kilometres.

**Population:** Approximately 10,8 million.

**Main cities:** Athens (together with Piraeus) 4 m, Thessaloniki 1 m., Patras 0.25 m

**Economy:** Based mainly on private enterprise, although some companies are under state control and there is state ownership of certain essential services. During the last 10 years several state companies have been privatized and this process is still on-going.

The services sector of the economy is the strongest, with a substantial contribution from tourism and merchant shipping. Logistics and transportation have recently acquired Manufacturing capacity is at a relatively low level.

**Currency:** The unit of currency is the Euro (€).

**European Union**

Greece is a full member of the European Union (EU) which comprises, Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the UK. with a total population of about 513 million.

## Business hours/time zone

Greece is located in time zone GMT+2, along with Bulgaria, Cyprus, Estonia, Finland, Latvia, Lithuania, Romania and Turkey. Greek standard time is set forward for one hour from late March to late October.

The usual business hours for the private sector are 9.00 a.m. to 5.00 p.m, during all weekdays. The business hours for the public sector are 7.30 a.m. to 2.30 p.m. during all weekdays. Banks are open from 08.00 a.m. to 14.30 p.m., apart from Fridays, on which they are open until 13.30.

**Public holidays**

1 January (New Year's day)

6 January (Holy Epiphany)

Monday in Lent (moveable)

25 March (Greek Independence day)

Good Friday (Easter-movable)

Orthodox Easter Monday (moveable)

1 May (Labour day)

15 August

28 October (National Holiday)

25 December (Christmas)

26 December (Day after Christmas)

# Business Entities

## General Overview

Greek law provides for different legal forms for carrying out a business in the country. In addition to establishing a Greek company or entity (partnership), there is the choice of establishing and operating a business by forming a Greek branch or entering into a joint venture with another enterprise. There is also the choice of establishing a presence in Greece by forming a Law 89 office/company (as amended by Law 3427/2005), whose activities are restricted solely to the provision of certain services to their head offices or any other affiliate companies, which are not established in Greece. With regard to individuals, they can operate either as sole traders or freelance professionals.

The setting up of companies, in the form of Corporation (AE), Limited Liability Company (EPE) and Private Capital Company (IKE) and Partnerships – (see below) may be done online through the electronic One Stop Service (e-YMS).

## Corporation – Anonymos Eteria (AE)

For this type of legal entity, the liability of its shareholders is limited to the amount contributed to the share capital. This entity is the equivalent of the German "AG" and the French "Société Anonyme".

The minimum share capital required for the establishment of an AE is currently €24 000. It is payable in full upon incorporation and its deposit to the company's bank account must be certified by the Directors or a Certified Public Accountant, within two months from the date of incorporation. There are higher minimum capital requirements for e.g. banking institutions and insurance companies.

With the exception of the obtaining of the temporary registration of the corporate name (see below), all the necessary actions regarding the establishment of an AE are carried out by a Notary Public (who undertakes to liaise with the other authorities involved, by, for example submitting documents and applications, making payments, etc). Alternatively, the interested parties may bypass the use of a Notary Public if they make use of the standard simplified Articles of Association template and follow the steps indicated below. This facility is not currently available, but it is expected to be so very soon.

The registration process, involves the following:

- Obtain the temporary registration of the corporate name with the competent Commercial Chamber;
- Preparation of the Articles of Association and their signing before the Notary Public by one or more founding shareholder(s), either individuals or legal entities. The Articles must include provisions relating to, amongst others, the corporate name, the registered address, the objects of activity, the duration, the share capital amount and the number of shares and their type(bearer/registered), the Board of Directors and Shareholders;

- Registration of the corporation with the Registry maintained with the General Commercial Registry and publication of its establishment in the General Commercial Registry website.
- Payment of various registration duties;

For corporate law purposes, the establishment of an AE is considered to have been completed upon its registration with the General Commercial Registry.

An AE must also be registered with the Tax Office and this is also carried out by the One Stop Service.

An AE is administered by the Board of Directors and by the shareholders at general meetings. The Board of Directors is elected by the shareholders for a term not exceeding 6 years and is responsible for the entity's management. The Board must consist of at least three members who can be individuals or legal entities (if this is provided by the Articles of Association). The Board of Directors meets whenever the law, the Articles of Association or the company needs so require.

A minimum annual dividend of 35% of its profits, after deducting tax and the statutory reserve (see below) is payable. The shareholders general meeting may decide, following a vote of at least 50% of the share capital represented (min. 2/3 of total), to pay a lower dividend, which however cannot be less than 10% of the profits. It is also possible not to pay any dividends at all, following a majority vote of at least 80% of the share capital represented (min. 1/2 of total)

The minimum compulsory amount to be allocated as a statutory reserve is 5% of the annual after-tax profits and ceases to be compulsory once the reserve reaches 1/3 of the share capital.

Annual accounts must be filed within a specified time with the General Commercial Registry and must include a balance sheet and an income statement.

AEs which meet any two of the three criteria (see below), are subject to a statutory audit carried out by a Certified Public Accountant.

## Limited Liability Company - Eteria Periorismenis Efthynis (EPE)

An EPE is a hybrid of an AE and a partnership. It is a limited liability company, like an AE, but it also resembles a partnership regarding decision taking, in that the majority of both the number of partners and of the capital represented is required. An EPE is similar to the German GmbH and the French Sarl.

There are no minimum capital requirements for the formation of an EPE. The capital is divided into units or equal share parts with no minimum par value and must be fully paid-up at the time of incorporation.

The owners of the company are known as participants, unit holders or partners and their liability is limited to their contributed capital. Each one's

participation in the capital of an EPE is evidenced by the Articles of Association. An EPE may be established by one or more partners who maybe either individuals or legal entities. The law also allows the formation of single person limited liability companies.

The representation and administration of an EPE is vested into one or more persons (administrators). They may not be necessarily partners of the EPE and their appointment is indicated in the Articles of Association or is effected by the partners in meeting.

This form of establishment may be convenient for small and/or medium-size operations or operations which provide services to other group entities where the higher status of an AE is not considered necessary.

With the exception of the obtaining of the temporary registration of the corporate name (see below), all the necessary actions regarding the establishment of an EPE are carried out by a Notary Public (who undertakes to liaise with the other authorities involved, by, for example submitting documents and applications, making payments, etc. Alternatively, the interested parties may bypass the use of a Notary Public if they make use of the standard simplified Articles of Association template and follow the steps indicated below.

The registration process, involves the following:

- Obtain the temporary registration of the corporate name with the competent Commercial Chamber;
- Preparation of the Articles of Association and their signing before the Notary Public by one or more founding shareholder(s), either individuals or legal entities. The Articles must include provisions relating to, amongst others, the corporate name, the registered address, the objects of activity, the duration, the share capital amount and the number of units (share parts) and their value, the Administrators and the Partners;
- Registration of the corporation with the Registry maintained with the General Commercial Registry and publication of its establishment in the General Commercial Registry website.
- Payment of various registration duties;

For corporate law purposes, the establishment of an EPE is considered to have been completed upon its registration with the General Commercial Registry.

An EPE must also be registered with the Tax Office and this is also carried out by the One Stop Service.

The law does not provide for a minimum annual dividend, following the deduction of tax and the statutory reserve (see below).

The minimum compulsory amount to be allocated as a statutory reserve is 5% of the annual after-tax profits and ceases to be compulsory once the reserve reaches 1/3 of the share capital.



Annual accounts must be filed within a specified time with the General Commercial Registry and must include a balance sheet and an income statement.

EPEs which meet any two of the three criteria (see below), are subject to a statutory audit carried out by a Certified Public Accountant.

## Private Capital Company – Idiotiki Kefalaiohiki Eteria (IKE)

An IKE is exclusively liable for its corporate debts, whereas the liability of its partners for corporate debts towards third parties is limited to the amounts specifically mentioned in its Articles of Association.

The minimum share capital required for the establishment of an IKE is EUR 1. The IKE is formed by signing a private agreement, unless its partners contribute assets such as immovable property, in which case the Articles of Incorporation must be signed before a Notary Public. Private Capital Companies are established through the General Commercial Registry and their Articles of Incorporation are filed with this Registry.

The law also allows the formation of single- person Private Capital Companies

There is no minimum capital and the partners can participate in the company by contributions in cash or in kind, in the form of personal services to the firm, or in the form of guarantees/liability undertaken by the partners towards third parties.

The administration and representation of the company is vested into one or more persons (administrators), who may not be necessarily partners. The administrators are appointed by the Articles of Association or by the partners in meeting. In case of one person companies, the administration is vested in this very person.

An IKE is required by law to have a website providing information regarding, amongst others, its corporate name and address, its share capital, the names of the shareholders and their respective shareholdings, the name of the administrator, etc.

An IKE must also be registered with the Tax Office and this is also carried out by the One Stop Service.

The law does not provide for a minimum annual dividend, following the deduction of tax and the statutory reserve (see below).

The minimum compulsory amount to be allocated as a statutory reserve is 5% of the annual after-tax profits and ceases to be compulsory once the reserve reaches 1/3 of the share capital.

Annual accounts must be filed within a specified time with the General Commercial Registry and must include a balance sheet and an income statement.

IKEs which meet any two of the three criteria (see below), are subject to a statutory audit carried out by a Certified Public Accountant.

## **Statutory Audits**

An audit is required for any company (AE, EPE, IKE), as well as for partnerships, general or limited (see below), where all of their partners are legal entities with limited liability, where 2 of the following 3 limits are reached for two consecutive (12 month) financial years:

Annual net turnover € 8,000,000

Total assets € 4,000,000

Number of employees 50

## **Partnerships**

There are two types of partnerships, the General and the Limited Partnership.

### **General Partnership - Omorythmos Eteria (OE)**

The major characteristic of a general partnership is that all its partners have a joint and several unlimited liability for the debts of the partnership.

The partnership can be formed by two or more persons (individuals or legal entities). There are no minimum capital requirements and the capital may be contributed in cash or in kind, or in the form of personal services to the partnership, or in a combination of these.

The formation of a general partnership does not necessary entail the signing of Articles of Association before a Notary Public, as this may take the form of a private agreement between its partners.

The articles of incorporation must include, amongst others, the names and addresses of the partners, the partnership's name, the name of the administrator(s), the duration, the objects of the activity, etc.

The affairs of the partnership are administered by one or more administrators.

The administration and representation of the partnership is vested into one or more partners. The administrators are appointed by the Articles of Association.

General Partnerships, with the exception of those where all of their partners are legal entities with limited liability, are not subject to statutory audits and are not obliged to file any accounts.

### **Limited Partnership - Eterorythmos Eteria (EE)**

A Limited Partnership is similar to a General Partnership in all respects, except that at least one partner must have unlimited liability (omorythmos eteros). The liability of a limited partner (eterorythmos eteros) is limited to the contributed capital, unless the limited liability partner is engaged in the management of the partnership, in which case he loses his limited liability status.

The administration and representation of the partnership is vested into one or more partners. The administrators are appointed by the Articles of Association.

Limited Partnerships, with the exception of those where all of their partners are legal entities with limited liability, are not subject to statutory audits and are not obliged to file any accounts.

## Branch

A branch of a foreign company may be established in Greece through registration with the General Commercial Registry. The foreign company's share capital must conform to the requirements imposed on Greek companies.

An application to form a branch must include, amongst others:

- Articles of association of the parent company.
- A certificate of good standing of the foreign company issued by the competent foreign supervising authority
- A resolution of the competent corporate body of the parent company approving the establishment of a branch in Greece
- The names of directors or officials with power to bind the parent company.
- A Power of Attorney appointing the branch's legal representative(s) in Greece. If the legal representative does not reside in Greece, the PoA should also appoint the person(s) authorised to receive correspondence in Greece.
- A certificate of paid in capital and year of formation from the (parent) company's local chamber of commerce or any other competent authority.

The registration with the General Commercial Registry is followed by the publication in the General Commercial Registry's website.

The tax registration is not carried by the General Commercial Registry but is done separately with the competent tax office.

The branch is administered by its legal representative(s) in Greece, who have generally the same management liabilities as the member(s) of a Board of Directors of an AE or the administrator of an EPE.

A branch is required to file annual accounts with the Registrar of Companies, together with a statement reporting local operations. It must maintain the same accounting records as a company, but there is no statutory audit requirement. It may also have the same financial year end as that of the parent company.

## Joint Venture (JV)– Kinopraxia

A joint venture (**JV**) is an entity without a legal personality. When registered with the General Commercial Registry it acquires, as a union of persons, legal capacity and bankruptcy ability.

The term joint venture is used in commercial practice to indicate the cooperation of individuals or legal entities for the purpose of pursuing and carrying out a specific project.

For a joint venture, which was formed with the purpose to coordinate its members' activity, the provisions of the law for General Partnerships shall apply. The contract of the joint venture may provide that its members will be jointly liable for its debts.

If a joint venture conducts commercial activities, then its registration with the General Commercial Registry is mandatory and the provisions of the law for the general partnership shall apply. The aforementioned provisions shall also apply to the specially regulated joint ventures, unless there is an opposite provision by a special regulation.

If a JV is not obligatorily registered with the General Commercial Registry, it can be recognised as a fiscal entity for tax purposes, provided that certain conditions are met, including the filing of the JV agreement with the tax authorities prior to the commencement of its activities.

## Law 89 office/company (as amended by Law 3427/2005)

Under Law 89/1967, as amended by Law 3427/2005 foreign companies may establish an office or company in Greece with the exclusive purpose of providing to their head offices or to their affiliates, that are not established in Greece, specific services, namely: consulting services, centralised accounting support, quality control of production, procedures and services, preparation of studies, designs and contracts, advertising and marketing services, data processing, receipt and supply of information and research and development services.

In order for foreign companies to come within the scope of the provisions of Law 89, as amended, an application must be filed with the Foreign Capital Directorate of the Ministry of Economy & Development to obtain a special permit which will be granted and published in the Government Gazette within 50 days from the date on which the application is filed. Following the issue of the decision, the related companies are obliged, within 12 months from the permit issue date, to engage at least 4 members of staff in Greece and incur at least € 100,000 of operating expenses in Greece, annually, which should be wholly covered by incoming bank remittances.

For establishing the amount to be covered annually, the cost-plus method is used, whereby the total expenses incurred, including depreciation, are increased by a profit percentage, whose level is decided by the Ministry of Economy & Development and is revised every five years.

## Offices/Branches of foreign shipping entities

Under Law 27/1975 (article 25), foreign shipping entities may establish an office or branch in Greece for activities exclusively related to the management, operation, brokerage, chartering, average adjustment and insurance of non-passenger ships, whether flying the Greek or foreign flags, which are greater than 500 registered tons and are engaged in international traffic and the representation of foreign ship owning entities or of other foreign shipping entities that have objects similar to the above activities. The annual operating expenses of the office /branch cannot be less than USD 50 000 and must be covered via bank remittances in foreign currency (i.e. other than the euro).

Such offices/branches are exempt from any tax, levy, contribution or withholding in favour of the State or in favour of any third party for the income derived from activities or the provision of services that are specifically mentioned in the license issued for their establishment.

## Sole Traders/Freelance Professionals

Individuals may carry out operations in Greece as sole traders or freelance professionals. They are fully liable for their operation's debts and obligations. Registrations are required prior to commencing any activity.

## Representative Office

Foreign legal entities may set up representative offices in Greece. A representative office is not considered a legal entity and is not allowed to carry out any profit-making activities in Greece. It may only conduct market research and to promote the parent company's products and services.

# Main Taxes: Companies

Companies are subject to a national corporate income tax, withholding taxes, social security contributions and the value added tax. There is no net worth tax, but a tax on the value of immovable property is levied. There are no significant local taxes.

## Corporate Income Tax

As of 1 January, 2019, the general corporation tax rate is 28%.

Corporate income tax is also payable by general and limited partnerships.

The taxable base of resident companies is their annual worldwide income after allowable deductions. To alleviate double taxation due to worldwide tax liability, relief may be granted unilaterally or pursuant to treaty provisions (see Treaty chart).

## Residence

A company incorporated under Greek Law or that has its registered seat in Greece or its place of effective management in Greece at any time during a tax year is considered a resident for tax purposes in Greece for that tax year.

## Tax basis

Resident entities are taxed on worldwide income; non-resident entities are taxed only on Greek- source income.

In determining the net income of a company, a number of deductions from gross income are allowed. Generally, all expenses incurred in the normal course of business are deductible in the financial year they are incurred. Accruals are generally not deductible until they become definite obligations. Deductible expenses must relate to the income earned (productive expenses) and be substantiated by proper documentation.

Losses may be carried forward for five years. Loss carry-backs are not permitted.

**Taxation of dividends-** Dividends received from (domestic or EU-resident) subsidiaries qualifying for the participation exemption (i.e. where a 10% minimum participation is held for an uninterrupted period of at least 24 months etc) are exempt from corporate tax. Dividends received from non-qualifying participations are taxable as normal business income at the corporate income tax rate of 28%, with certain credits available for taxes already paid.

**Capital gains-** Capital gains derived by corporations are taxed as ordinary business profits at the corporate income tax rate of 28%.

## Withholding Taxes

### Dividends

Profits distributed by resident companies as dividends, are subject to a 10% final withholding tax.

## Interest

A final 15% withholding tax is levied on interest which is defined by law as income derived from debt claims of every kind, either secured by mortgage or not, whether providing a right of participation in the profits of the debtor or not, as well as income from deposits, state securities, titles and bonds (secured or not) and every kind of loan relation, including premiums, repos/reverse repos and rewards deriving from bonds or securities.

## Royalties

For resident individuals and companies, the withholding tax is nil.

## Tax Payment Dates and Filing Requirements

Company tax returns must be filed within 6 months from the end of the company's financial year, which can either be 30 June or 31 December.

Tax is paid in six equal monthly installments, the first one within the month following the filing of the tax return.

## Treaty Chart

Greece has signed tax treaties with the following countries

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

# Main Taxes: Individuals

## Taxable income

### General

Individuals are subject to national income tax. All individuals with income derived from sources in Greece are subject to tax, irrespective of their nationality or residence.

With effect from 1 January 2014, there are four categories of income for individuals, each with a different tax treatment:

- income from employment and pensions;
- income from business activities;
- income from capital (investment income);
- income from capital gains.

**Resident** individuals are subject to the national income tax on their worldwide income.

An individual is considered tax resident in Greece if one of the following conditions is met:

- the individual maintains a permanent or principal residence or usual abode or has the centre of his vital interests, that is his personal or financial or social relations, in Greece;
- the individual is a consular, diplomat, public official or public servant having the Greek nationality and serves abroad; or
- the individual is physically present in Greece for a period exceeding 183 days, including short breaks of stay abroad. (The individual is considered as tax resident from the first day of his presence in the country).

**Non-resident** individuals deriving income from any Greek source are subject to the national income tax at the same rates that apply to residents.

For the computation of income, the same rules as apply to residents also apply generally to non-residents. However, non-residents are not entitled to the various credits with respect to total income granted to resident taxpayers, unless they are residents of an EEA country and at least 90% of their worldwide income is derived from sources in Greece, or they can provide evidence that their taxable income is so low that they would be entitled to a tax deduction under the tax law of their State of residence.

The following income tax rates apply to taxable income from employment (salaries and pensions).

<u>Taxable income (EUR)</u>	<u>Rate (%)</u>
up to 20,000	22
between 20,001 and 30,000	29
between 30,001 and 40,000	37
over 40,001	45



## Special solidarity contribution

From tax year 2010 onwards, a special social solidarity contribution is imposed on the annual net individual income exceeding EUR 12,000, actual or deemed. An exemption applies to certain categories of taxpayers, e.g. unemployed, blind, etc.

As from 1 January 2016, the contribution is charged as follows:

Taxable income (EUR)	Rate (%)
0 - 12,000	0
12,001 - 20,000	2.2%
20,001 - 30,000	5%
30,001 - 40,000	6.5%
40,001 - 65,000	7.5%
65,001 - 220,000	9%
Over 220,000	10%

From 1 January 2020, the special solidarity contribution will be charged at the following rates, provided that Greece meets the medium-term budget targets under the financial adjustment programme:

0 - 30,000	0
30,001 - 40,000	2%
40,001 - 65,000	5%
65,001 - 220,000	9%
Over 220,000	10%

## Tax returns and payment of tax

Tax returns are due by 30 June of the year following the tax year and the assessed final income tax is payable in three equal bimonthly instalments, the first one due by the last working days of July, September and November

## Capital Gains

### Immovable property (including gains on dwellings)

Capital gains arising from the transfer of immovable property that does not constitute a business activity are subject to individual income tax at the rate of 15%.

However, the law has so far been amended and transfers of immovable property that have taken place or will take place between 1 January 2015 and 31 December 2019 are not subject to capital gains tax. It remains to be seen whether this exemption will be retained in 2020.

The law provides that the gain is reduced by taking into consideration an inflation adjustment, based on the number of years of ownership, limited to 60% for properties owned for 26 years, or more.

An exemption is granted on the amount adjusted as above for inflation and not exceeding EUR 25,000, provided the taxpayer has held the property for at

least 5 years prior to the transfer and has not transferred any other real estate property during this holding period.

The transfer of immovable property is also subject to a 3% transfer tax on the sales price. If, however, the sale is subject to VAT, no transfer tax is payable.

### **Shares**

Individuals are subject to income tax on the capital gains derived from the transfer of certain securities, as well as the transfer of a business as a whole, provided these transfers do not constitute a business activity. The transfer of the following items is taxable:

- shares listed or unlisted;
- participations in partnerships;
- state bonds and treasury bills or corporate bonds; and
- derivative products.

The capital gains derived from the above transfers are taxed at a flat rate of 15%.

A 0.2% transfer tax is also levied on the transfer of listed shares.

Listed shares acquired after 1 January 2009 are exempt from the 15% capital gains tax, provided the seller owns less than 0.5% of the share capital of the company the shares of which are sold.

## **Inheritance and Gift Taxes**

Inheritance, gift and parental gift tax is imposed by the state on property acquired by inheritance or gift. The tax is not imposed on the estate of the deceased or on the donor but separately on each beneficiary in respect of his or her share in the estate and on each donee in respect of the gift received. Liability for inheritance tax arises at the time of death, and liability for gift tax when the donee receives the gift.

Taxable inheritances and gifts include transfers of all immovable and movable property located in Greece regardless of the nationality or residence of the deceased/donor. Movable property outside Greece is also subject to tax if the donor or the deceased (at the time of death) was a national or resident of Greece.

The tax is charged at varying rates depending on the amounts involved and the relationship between the parties.

### **Rates**

The beneficiaries are divided into three categories for the purposes of inheritance and gift taxes:

- Category I: spouse, a person who had entered into a contract of cohabitation with the deceased (provided the cohabitation had lasted for at least 2 years), children, grandchildren, parents;
- Category II: great-grandchildren, grandparents, great-grandparents, brothers, sisters, stepbrothers, stepsisters, uncles, aunts, foster parents, in-laws, children from the spouse's previous marriage; and
- Category III: others.

The inheritance, gift and parental gift tax rates are as follows:

### Category I

Taxable amount (EUR)		Rate (%)
First	150,000	0
Next	150,000	1
Next	300,000	5
Over	600,000	10

The surviving spouse, married to the deceased for at least 5 years, is not subject to tax for inherited property with a value up to EUR 400,000. This also applies to the minor children of the deceased (children younger than 18 years).

### Category II

Taxable amount (EUR)		Rate (%)
First	30,000	0
Next	70,000	5
Next	200,000	10
Over	300,000	20

### Category III

Taxable amount (EUR)		Rate (%)
First	6,000	0
Next	66,000	20
Next	195,000	30
Over	267,000	40

If the beneficiary is handicapped to a degree of 67% or more, the amount of tax calculated according to the above rates is reduced by 10%.

In case of gifts and parental gifts in cash, the tax is levied at the following tax rates:

- 10% for Category I;
- 20% for Category II; and
- 40% for Category III taxpayers.

The above inheritance, gift and parental gift tax rates include the municipal duty of 3% and the highway construction duty of 7%.

## **Main Taxes: Other**

### **Value Added Tax (VAT)**

VAT is charged on sales and importations of goods and services. Tax suffered on purchases and importation is generally allowed as a deduction from tax payable on sales. The standard rate is 24%. Agricultural products and other essential consumption goods are subject to a low rate of 13%. The rate for books and publications is 6,5%. Doctors do not charge VAT. There are lower rates for five Eastern Aegean islands, 16%, 9% and 4,5%, in the order above.

### **Stamp Tax**

This is charged at rates varying from 1,2% to 3.6% on most business documents (excluding sales invoices), loans and credit transactions and related interest payments, salaries and wages, share transfers, property rentals and profits of partnerships and limited liability companies.

# Social Security Contributions

Up to 2016, Greece had many social insurance institutions, the most important of which, were the Social Insurance Institution (IKA), the Free Professionals' Social Insurance Institution (OAEE) and the Farmers' Social Insurance Institution (OGA). They all provided insured persons with the usual benefits in case of unemployment, sickness, retirement, death, etc. As from 1 January 2017, the above social insurance institutions and a number of others merged into a new institution, the Unified Social Security Fund (EFKA).

## Employed

Both employers and employees must pay contributions to the EFKA. For employees, the contribution is withheld by the employer.

The general rate of the EFKA contribution payable by office (white collar) employees is 16% and that payable by industrial (blue collar) workers engaged in heavy work is 19.45%.

The contribution is calculated on the basis of the employee's monthly gross remuneration, including salaries and wages, bonuses and fringe benefits, as well as any profit distributions to employees.

The monthly ceiling for 2019 is EUR 6,500.00 per employee. No contribution is due on any remuneration exceeding these ceilings.

These contributions are deductible for income tax purposes.

## Self-employed

Self-employed professionals must make monthly lump-sum contributions to the EFKA.

As from 1 January 2019, the monthly contributions for professionals who previously fell under the OAEE are calculated on the year 2018 taxable income, plus the social security contributions payable in 2018, at a rate of 20.28%.

With regard to lawyers, architects, civil and mechanical engineers and doctors of medicine, the monthly contributions are calculated on the year 2018 taxable income, plus the social security contributions payable in 2018, at the following rates:

- (i) lawyers, architects, civil and mechanical engineers, 20.28%, plus a monthly lump sum of EUR 64.46 for their ancillary fund; and
- (ii) doctors of medicine 20.28%, plus a monthly lump sum of EUR 43.72 for their ancillary fund.

The groups mentioned under (i) and (ii) are entitled to a reduction (ranging from 5% to 50%) on the pension part (20% for pre-2017 cases) of the contributions in case their taxable incomes are between EUR 7,032 and EUR 58,000. For those who were insured for the first time in 2017, the pension part rate is 13.33% on their taxable income, which cannot be less than EUR 4,922.40.

# Government investment incentives

## Incentives to attract significant strategic investments in Greece

Law 4608/2019 introduces a series of provisions aiming to attract significant investments in strategic sectors of the Greek economy by providing the possibility of granting substantial incentives, also in the form of financial assistance.

### What are “Strategic Investments”

Strategic Investments (S.I.s) are defined as investments, strategically important to the Greek economy in sectors involving international trade of products or services, which have the potential to generate significant results both quantitatively and qualitatively, regarding amongst others, the creation of new jobs, the promotion of innovation and competitiveness, high added value etc.

### Categories of S.I.s

Category	No.of new jobs	Total budget (million euro)	Available incentives
S.I. 1	120	> 100	i) Spatial planning, ii) Income tax rate stabilisation and either alternatively or cumulatively iii) Fast track licensing
S.I. 2	100	> 40	i) Fast track licensing and either alternatively or cumulatively ii) Tax incentives (income tax rate stabilisation, tax exemption or acceleration of tax depreciation) and iii) Subsidised costs (recruitment of employees, R&D projects)
S.I. 2 – Industrial sector	75	> 30	
S.I. 2 – Organised receptors for handicraft and business activities	50	> 25	
Emblematic investments by distinguished legal entities with international reputation	No limit		Alternatively, or cumulatively: i) Spatial planning, ii) Tax incentives (income tax rate stabilisation, tax exemption or acceleration of tax depreciation), iii) Fast track licensing, iv) Subsidised costs (recruitment of employees, R&D projects)
Emblematic investments in the industrial sector	200	> 200	
Fast track licensed S.I.s	30	> 20	i) Income tax rate stabilisation and either alternatively or cumulatively ii) Fast track licensing
S.I.s by default (e.g. Private – Public Partnerships or Projects of Common Interest)	No limit		i) Income tax rate stabilisation and either alternatively or cumulatively ii) Fast track licensing

## **Available incentives**

The offered incentives have as follows:

- Spatial planning in uniform areas, determined by Special Plans for the Spatial Development of Strategic Investments
- Fast track licensing (completion within 45 calendar days)
- Stabilisation of the income tax rate for 12 years
- Income tax exemption
- Acceleration of tax depreciation for assets being part of the approved investment plan (increase of applicable depreciation rate by 100%)
- Labour cost subsidies (it concerns disabled and disadvantaged employees)
- Grants for research and development projects
- Dispute resolution through arbitration
- The taxation of up to (10) executives of each S.I. entity only for their income earned in Greece by considering them as non-Greek tax residents

## **Filing procedure, approval and deadline for applications**

Applications are filed with the “Greek Investments and Foreign Trade Company S.A.” The approval is made by Ministerial Decision. The deadline for the filing of applications is 31/12/2023.