Greece

Capital city: Athens

Superficy: 131 957 km²

Population: 10’820 M.

Language: Greek

Political system: Parliamentary republic

GDP/capita 2015: USD 18 002

Currency: Euro

ISO Code: GRC

Telephone code: +30

National day: March 25th and october 28th

Greece

1. Corporate taxation

1.1 Taxes on entities

Greek companies are taxed on their worldwide income. Non-Greek companies are taxed in Greece only on income derived from a permanent establishment in Greece or on profits generated in Greece.

1.2 Residence and non-residence

A legal person or entity is considered to be a Greek tax resident in the following cases:
- It is incorporated or established under Greek law.
- It has its registered office in Greece.
- Its place of effective management is in Greece at any time during the tax year.

The "place of effective management" concept should be examined separately and its determination depends on the facts and circumstances of the case. Indicative criteria are the followings:
- The place where the day-to-day management of the company takes place
- The place where strategic business decisions are made
- The place where the annual general meeting of shareholders or partners or the board of directors takes place
- The place where the accounting books of the company are held
- The residence of the members of the corporate body (e.g. boards of directors of the company)

Also, depending on the case, additional factors might be examined by the Greek Tax Authorities, such as the residence of the majority of the shareholders or partners.

1.3 Tax year and filing

The fiscal year starts on 1st January of a calendar year and ends on 31st December of said year.
Legal persons or entities that maintain double-entry books may set their tax year to end on another date in order to coincide with the tax year-end of their foreign shareholder. However, a tax year cannot exceed a 12-month period. Greek legal

entities and branches of non-Greek companies established in Greece must file an annual corporate income tax return by the end of the sixth month following the end of the relevant fiscal year.

1.4 Types of income

All the income that incur at the level of the legal entities is considered, from a tax point of view, as income from business profits. The tax base is formed by the annual gross income after certain deductions. In particular, ordinary business expenses and specific items mentioned in the tax legislation can be deducted for tax purposes provided the following conditions are fulfilled:

- They are made in the interest of the business or in the ordinary course of its business transactions.
- They reflect an actual transaction that has a value not considered lower or higher than the actual value, based on indirect audit methods.
- They are recorded in the accounting books for the period in which they are incurred and are supported by proper documentation.

Further, as per the tax legislation there are certain expenses that shall not be tax-deductible.

1.5 Group income and grouping arrangements

N/A

1.6 Capital gains

Capital gains income incurred at the level of legal entities is taxed as business profits and it derives from the following sources:

- Disposals of fixed assets
- Transfers of businesses as going concerns
- Disposals of real estate property that do not constitute a business activity per se
- Transfers of securities

1. 7 Losses

The tax losses that arise at the level of legal entities can be carried forward in order to offset business profits of said entities in the following 5 fiscal years as from the fiscal year in which they arise.

1.8 Exemptions

- Inbound dividends that are received by Greek legal entities from substantial shareholdings could be exempt from corporate income tax in Greece, provided certain conditions are cumulatively fulfilled which are related to the application of the Parent/Subsidiary Directive, as incorporated (and amended) in the Greek legislation.
- Profits arising outside of Greece at the level of a permanent establishment of a Greek Company established in another country could be exempt from taxation in Greece, provided there is a double tax treaty signed between Greece and the country where the permanent establishment is located.

1.9 Rates

The corporate income tax rate in Greece corresponds to 29%.

1.10 Double tax relief

According to the Greek tax legislation, foreign tax paid or deducted on foreign source income is credited against Greek tax liability on the same income. The amount of foreign tax credit cannot exceed the amount of tax that would be payable in Greece for the same foreign source income.

Said relief from double taxation may be also available due to the application of the relevant double tax treaty. Greece has signed approximately 56 double tax treaties up to now.

2. Personal income taxation

2.1 Taxes on income

Greek tax residents-individuals are subject to income tax on their worldwide income. Non-Greek tax residents-individuals are taxed in Greece only on their Greek-source income, if any.

2.2 Residence and non-residence

As per the Greek legislation, there are several criteria that are taken into consideration in order for an individual to be considered as tax resident in Greece, among the most important of which are the followings:

- if his/her permanent home or center of vital interest is in Greece
- if his/her habitual adobe is in Greece, by the meaning that he/she lives in

Greece for a period of more than 183 days during the fiscal year, which coincides with the calendar year. It is not necessary for an individual to stay in Greece for 183 consecutive days in order to be considered as a Greek tax resident. After said threshold has been transcended the individual is considered as being a tax resident in Greece as from his first day of the 183-period.

In case of a conflict as regards the residency status of an individual who might be considered as a tax resident in Greece and also in another country (i.e. "dual residency"), the solution can be given through double tax treaties that Greece has signed with other countries (for the moment up to 56 double tax treaties have been signed by Greece).

2.3 Tax year and filing

Tax year in Greece coincides with the calendar year. Tax returns should be filed by Greek tax individuals by 30 April of the year following the relevant fiscal year.

When business income is declared in a tax return at the level of an individual taxpayer, the latter is liable to a 100% advance payment of the income tax that corresponds to said income for the relevant tax year.

The final tax liability of an individual is determined on the basis of the computed amount by the tax authorities and after the deduction of any advance payment, withholding tax or foreign tax which have been paid abroad.

The payment of income tax liability is usually made in three equal installments.

2.4 Types of income

According to the Greek tax legislation, there are four (4) categories of income at the level of Greek individual taxpayers. In particular:

Employment and pension income

Employees are liable to tax as regards their income from salaries, wages, allowances, pensions and any other remuneration that is periodically paid in cash or in kind for services rendered and certain other income items.

In general, the employees are taxed on the market value of the benefits in kind received either by the employee or by a relative of the employee, provided that the total value of all the benefits in kind received in a year exceeds EUR 300 (per year). However, there are special rules in the Greek tax legislation as regards certain benefits in kind (e.g. Company cars, "deemed" loans to employees, stock options to employees and housing provided by the Employer).

The tax rates and relevant thresholds that have been set for the employment income are listed below:

Income for employment	Tax rates
0 - 20,000	22%
20,001 - 30,000	29%
30,001 - 40,000	37%
40,001 -	45%

A tax credit is available for Greek tax individuals that earn income from employment (for more details please refer to section 2.7 below).

Business income

Individuals, exercising business activities are subject to income tax on business income, which is determined by the total revenue from business activities after the deduction of business expenses, depreciation and bad debts (under certain conditions). The tax rates for business income are the same with the employment income as mentioned above (please see the table above).

Income from agriculture and forestry

Income earned from agricultural business is considered, from a tax point of view, as business income, for the determination of which the revenues from business transactions include revenue from the production of agricultural, poultry, livestock, forestry, logging and fishing products.

Income from capital (passive income)

Individuals are liable to tax for the income received in a tax year from dividends, interest, royalties and immovable property.
In particular:

- **Dividends** are subject to a final withholding tax of 15% (but solidarity tax is assessed in addition to the withholding tax on assessment of the personal income tax return filed annually).
- **Interest** is subject to a final withholding tax rate of 15%, with no further personal income tax liability for individuals (but solidarity tax is assessed in addition to the withholding tax on assessment of the personal income tax return filed annually).
- **Royalties** are subject to a final withholding tax rate of 20%, with no further personal income tax liability for individuals (but solidarity tax is in addition to the withholding tax on assessment of the personal income tax return filed annually).

- Income from immovable property is considered to be any income, in cash or in kind, received by an individual for leasing, self use or free disposal of immovable property. Said income is taxed accordingly:

Income from immovable property (€)	Tax rate %
0 - 12,000	15%
12,001 - 35,000	35%
35,001 -	45%

Presumptive income

The declared income at the level of individual taxpayers is compared with the so-called “presumptive income” which is formed by the costs of assets’ acquisition and the expenses for living. Any difference that might occur between the comparable incomes will be taxable at the level of the individual taxpayer.

Income from unknown source

In case the income of the individual is increased from unlawful or unjustified or unknown source or cause is treated, from a tax point of view, as business profit and it is taxable at a 33% tax rate.

2.5 Capital gains

Capital gains, within the meaning of Greek tax legislation, are the consideration for i) the transfer of immovable property and ii) the transfer of securities, provided that they do not classify as business profits. Capital gains incurred at the level of an individual taxpayer are taxable with a 15% tax rate. Based on a transitional provision in the greek tax legislation, the taxation of capital gains from the transfer of immovable property will not be considered as taxable income for the fiscal year 2017, meaning that the aforementioned rule related to said income is suspended and it will apply in the future. This transitional provision does not apply in case of capital gains from the transfer of securities.

2.6 Losses

Tax losses incurred during a fiscal year at the level of an individual Greek tax resident and are related to its business activity (i.e. business tax losses) can be carried forward and set off against future business profits of the latter for a 5-year period as from the year to which the losses are related to

2.7 Exemptions

Transfer of securities

A tax exemption is applicable in case of income from the transfer of securities incurred in Greece at the level of individual taxpayer that is a tax resident in a country with which Greece has entered into a double tax treaty, provided that the latter will present to the Greek Tax Authorities all the necessary documentation in order to prove his tax residency.

Tax credit on income from employment (indirect tax exemption)

A tax credit of 1.900 € is available for Greek tax individuals that earn income from employment (as described in section 2.4 above) up to 20.000€ during a fiscal year. In case the tax liability is lower than 1.900 € the tax credit available corresponds to the exact amount of tax due, leading to an indirect tax exemption for income up to 8.636€ (8.636€ * 22% =1.900€). In case the income from employment exceeds the amount of 20.000€, the amount of tax credit available is reduced to 10€ per 1.000€ of taxable income. There is no tax credit for income that exceeds the amount of 42.000€.

2.8 Social security

E.F.K.A.

As per the new Law that is applicable as from 1.1.2017, a single Unified Social Security Institution ("E.F.K.A.") is created in order to operate as a single administrative and financial organization and the insured by the latter are subject to new uniform social security rules and contributions for pension and health care insurance. In particular:

Pension contributions
As regards dependent workers, the overall pension contribution rate corresponds to 20% of remuneration of any kind, which is shared between the employer (13,33%) and the employee (6,67%). In case of self-employed individuals the pension contribution rate corresponds to 20% calculated on the net monthly income that was derived from their professional activity the year before the pension contribution is due.

Health care contributions
As regards dependent workers, the overall health care contributions corresponds to 7,10% of the monthly salary, which is shared between the employer (4,55%) and the employee (2,55%). The relevant health care contributions for self-employed individuals is set to 6,95% of the net monthly income that was derived from their professional activity the year before the contribution is due.

E.T.E.A.E.P.

As per the new Law, the Unified Auxiliary Social Security Fund ("E.T.E.A.P.") has replaced the previous respective one (i.e. "E.T.E.A.") and it comprises the auxiliary and lump sum social security branches. In particular:

Auxiliary social security contributions
As regards dependent workers, the auxiliary contributions correspond to 3,5% for the employee and 3,5% for the employer, calculated on the insurable earnings of the employee. Regarding self-employed individuals, the auxiliary contributions correspond to 7%.

Lump sum Benefits sector
As regards dependent workers, as well as self-employed individuals the contribution rate for this branch corresponds to 4%.

For the year 2016, the total contribution for dependent workers was 41.06%.
As of the new law for 2017 the total contributions amount to 38,10%.
However, further clarifications regarding the application of the new rules are expected to be published at a later date by Circulars to be issued by the Ministry of Labour, Social Security and Social Solidarity.

2.9 Expatriates

There is no specific taxation for expatriates in Greece. Non-Greek tax individuals are taxable in Greece only on their Greek-source income.

2.10 Options

There is no specific taxation on stock options in Greece. Stock-options offered to employees of a company are treated as benefits in kind for the employee and therefore are taxed as income from employment in accordance with the tax rates listed in section 2.4 above.

2.11 Partnerships

As from 01.01.2016, income of partnerships is taxable at 29% tax rate.

2.12 Pensions

Greek tax residents individuals that receive pension income are subject to income tax in accordance to section 2.4 above (i.e. tax rates as the income from employment).

3. Inheritance and gift tax

Property located in Greece and is owned by (Greek or non-Greek) individuals or property located abroad but is owned by a Greek citizen or by a person that domiciles in Greece are in the scope of inheritance tax and gift tax. Liable to tax is the beneficiary of the property.

There are different tax rates for inheritance tax and gift tax, depending on the kinship between the beneficiary and the deceased or the donor. Regarding the inheritance tax, as for close relatives, the tax rates range between 0% to 10% of the value of the heritage whereas in case of other heirs the rates may range between 0% to 40%. In case of donor or parental grant the value of the donation is taxed at a rate of 10% or 20% or 40%, depending on the kinship between the beneficiary and the donor.

4. Wealth tax

A Wealth tax (or "luxury tax") applies on the presumptive income that is related to cost of maintenance of automobiles, private pleasure boats, private airplanes, private helicopters and swimming pools, owned by Greek tax individuals. The luxury tax applies on the cost for the maintenance of the aforementioned properties, as determined by the law, and the applicable rates range between 5% and 13%.

5. Value added tax

The current standard VAT tax rate in Greece corresponds to 24%, the reduced to 13% and the super-reduced to 6%.

6. Rates

Different tax rates apply to the different sources of income for individuals, some of which are progressive whereas others are depleted (for more details please see section 2.4 above).

7. Other taxes

Solidarity tax contribution

Individuals (i.e. Greek tax residents for both their Greek and foreign source income and non-Greek tax residents only for their Greek-source income) who earn income that exceeds EUR 12,000 annually are subject to a special solidarity tax. The tax liability for the solidarity tax is determined on the basis of the net income and the tax rates are determined as follows:

Income	Solidarity tax
0 – 12,000	0%
12,001 - 20,000	2,20%
20,001 - 30,000	5,00%
30,001 - 40,000	6,50%
40,001 - 65,000	7,50%
65,001 - 220,000	9,00%
>220,000	10,00%

Real estate taxes

- Annual Real Estate Tax ("ENFIA")

Annual Real Estate Tax applies to real estate located in Greece and is owned by individuals or legal persons. ENFIA consists of the main tax, which is calculated on the basis of the size, the location, the zone price, the surface, the age, the use and other characteristics of the real estate property, and a supplementary tax, which is calculated on the total tax value of the owner's property, if the total value exceeds 300.000 €.

- Real Estate Transfer Tax ("FMA")

In case of transfer of Real Estate Property with notary the purchaser is liable to Real Estate Transfer Tax at a tax rate of 3% on the remuneration for the transferred property.

- Special Real Estate Property Tax

A Special Real Estate Property Tax of 15% applies to the real value of immovable property located in Greece that is owned by legal persons or legal entities. There are many exemptions to this rule, under certain circumstances and certain actions that should be undertaken in order for said exemptions to apply.

Stamp duty

Stamp duty is levied on a limited number of transactions, documents and contracts, in the form of a percentage on the value of the transaction, which are not subject to VAT. The most notable cases where stamp duty applies are the following:

- A 3,6 % stamp duty applies exclusively to commercial (and not residential) property leases.
- Private loan agreements are subject to a 2,4 %-3,6 % stamp duty depending on the contracting parties.
- Commercial loan agreements are subject to a 2,4 % stamp duty.
- Cash withdrawal facility granted to shareholders and partners is subject to a 1,2 % stamp duty.

8. Foreign income

As per the Greek tax legislation, foreign tax paid on foreign source income is credited against Greek tax on the same source of income. In such a case the tax credit cannot exceed the amount of tax liability for said income in Greece. Up to now, Greece has signed more than 56 double tax treaties.