

## I. Company Taxation

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).

### Income from 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.

### Income from 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

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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.

### **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.

### **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.

**II. Individuals Tax**

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.

**Income Tax from employment and pensions**

Taxable income	Rate (%)
up to 20,000	22
20,001 and 30,000	29
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 (%)

Taxable income	Rate (%)
0 - 12,000	0.0
12,001 - 20,000	2.2
20,001 - 30,000	5.0
30,001 - 40,000	6.5
40,001 - 65,000	7.5
65,001 - 220,000	9.0
Over 220,000	10.0

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:

Taxable income	Rate (%)
0 - 30,000	0.0
30,001 - 40,000	2.0
40,001 - 65,000	5.0
65,001 - 220,000	9.0
Over 220,000	10.0

**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.

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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;

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:** great-grandchildren, grandparents, great-grandparents, brothers, sisters, stepbrothers, stepsisters, uncles, aunts, foster parents, in-laws, children from the spouse's previous marriage;

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

- ⊙ **Category III:** others.

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%.

### III. Other Main Taxes

#### 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%.

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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.



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