
tax incentives -
factors of economic growth

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Saturday, 04.12.2021

about Greece

COVID-19 was a major shock, but Greece's response was swift, proactive and generally effective

Economy contracted by 8.2% in 2020 (lower than expected) and is expected to rebound with **growth projected at about 7% in 2021 and 5% in 2022**

Greece's Recovery and Resilience Plan provides for EUR 4 billion (2.3% of GDP) of grants and loans in 2021, and **EUR 5.3 billion each year from 2022**, to support digital and green investments, strengthen skills and employment, boost private investment, and transform economic and public institutions

Strong market signs for a pick-up in **tourism and real estate** funded by international and local investments

Government is committed to **improve investment climate** and reduce inefficiencies in public administration by addressing public services' accessibility and responsiveness through digitalization

Ambitious government plan to **modernize the real estate regulatory framework**: Conclusion of national cadastral by 2024; finalization of zoning studies of entire Greece by 2026; conclusion of forest maps by 2022

Major investment projects underway: Hellinikon; Kilada Hills; Cassiopeia Corfu; Elounda Hills; Gournes tender process; Hines Voula residential project; Larco; Public Electricity Company, Waters, Harbors, Roads

tax frame - recent Greek tax incentives

Individuals

- Capital gains on real estate transfer → **suspended until 31 December 2022**
- Rental income → taxed on a progressive tax scale (up to 45%)
- Special solidarity levy → **exemption for many income sources, among them, capital gains, dividends**
- **three different regimes for individuals to become Greek tax residents (already presented)**

Companies

- Corporate income tax rate → **reduced to 22% for the tax years 2021 onwards**
- Dividends' taxation → **major decrease to 5%**
- Tax benefits on EU shareholding structure → **zero withholding income tax on intragroup payments** (dividends, interest, and royalties) and under specific conditions
- Intragroup **capital gains exemption**
- New bill on mergers, transformations and cooperation between small and medium-sized enterprises is about to be issued → **tax incentives in the form of a 30% decrease in corporate income tax for three years**

“family offices”- article 71H of Gr.ITC

- special purpose corporate vehicles for family property management
- familiar also in other countries (usually without specific legislative framework)
- management /administration of the estate of Greek tax residents & members of family (only spouses, unmarried offspring, direct ascendants)
- member of the company: either the individual directly or legal person of his interest
- in combination with the transfer of the tax residency (?)
- any form of share company provided by internal law (nonprofit legal persons are excluded)
- members of the same family (single family office), not a multi-family office
- non-defined spectrum of services (up to the moment)
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- services directly to individuals and not to legal persons of their interests
- administration from employees or third parties (locals/foreigners)
- non de jure change of the tax residency of legal persons owned by the family
- administrative ruling (pending)

family offices (contd.)

- income tax rate = corporate income tax rate
- cost plus allocation of profits method (similar to the one applied on offshores companies)
- taxed base = total business expenses (CIT excluded) plus 7% mark-up
- taxation of dividends (for the members and if distribution of profits take place)
- transactions carried out between the family office and the family members = VAT exempt (considered as incurred within a single entity + not a service of pecuniary interest)
- conditions: operating costs in Greece of at least Eur 1 million on an annual basis + at least five (5) employees within 12 months of the establishment

angel investors

article 70 A' Gr.ITC

- Injection to newly-established share capital companies (startups)
- Registration of startup in the Special National Startups Registry (program Elevate Greece)
- Sum equal to 50% of the injection is deducted for the investor and from his taxable income
- Up to 300.000 Euros per fiscal year (cap), up to 100.000 Euros per company & up to 3 startups
- Injection to the share capital/ or purchase of the shareholding right

expenses for scientific and technological research (R&D expenses) article 22 A' of the Gr. ITC

Deduction of the expense in the year it is incurring

(no amortization)

+

increased by 100%

- Submission of supporting documentation at the General Secretariat of the Ministry of Development (inspection is carried out within 10 months)

or

- Audit report with supporting documentation submitted at the same Authority

Expenses for scientific and technological research (R&D expenses)

article 22 A' of the Gr. ITC

- Creative work aimed at a systematical increasing of knowledge, corroborating it and using it to invent new applications
- Basic = original free choice work
- Applied = original research work for practical objective
- Experimental = the goal is the production of new materials, goods, etc. or the improvement of the already existing ones
- Restrictive description of the characteristic of the expenses in an administrative ruling

Hope to welcome you soon in Greece !
