



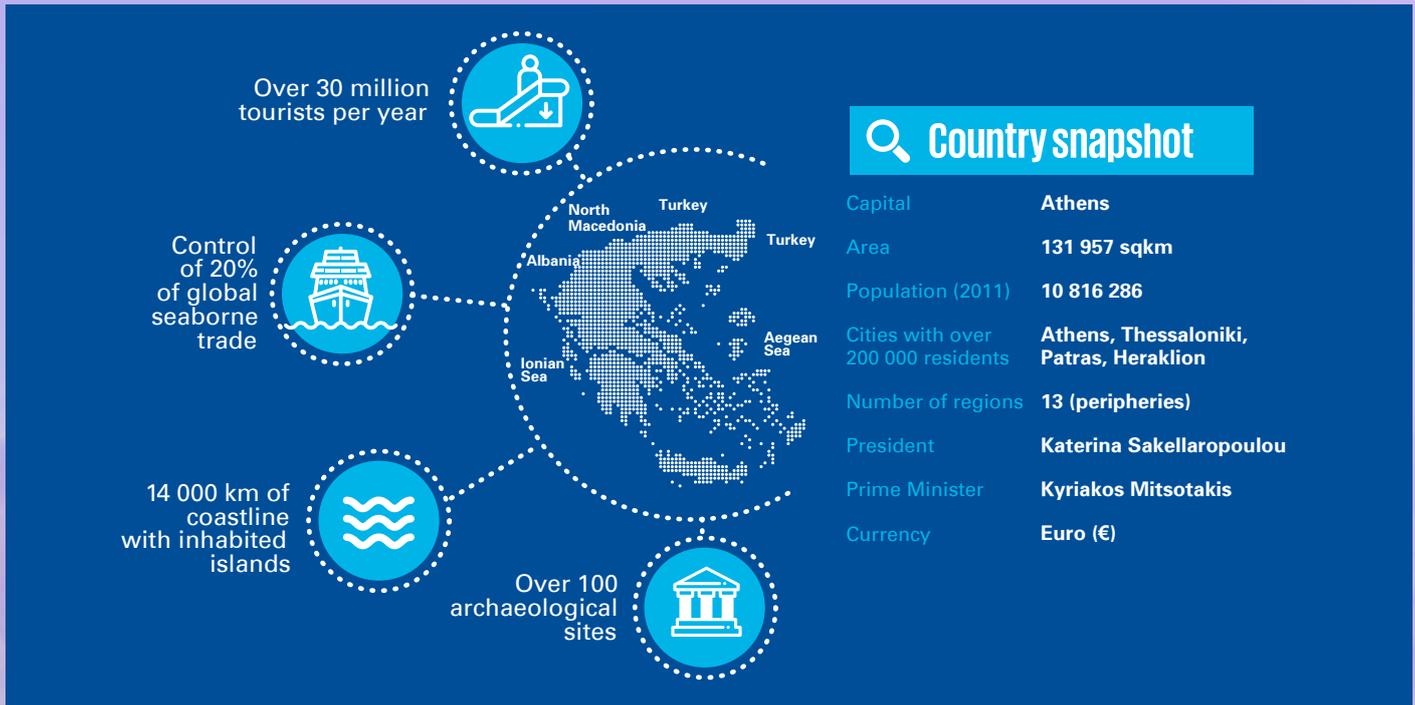
# Special Tax Regimes in Greece

Greece, an attractive tax destination



# About Greece

With the European Union (EU) operating as a single market, Greece (Hellas) is well located as an entry point to and from the EU for the Middle East, North Africa and some Balkan countries. Greece enjoys a temperate Mediterranean climate with temperatures normally ranging from 28° to 35° in the summer and from 5° to 18° in the winter. Its history, monuments, culture, pleasant year round climatic conditions and beautiful nature (including countless beaches) have positioned Greece as a competitive worldwide tourist destination.



## History and government

Greek (Hellenic) civilization dates back to ancient times and Greece is famous for giving birth to democracy. Throughout its long history, Greece's borders expanded and retracted continuously. Despite being under foreign rule at various times (Roman, Ottoman), since 1830 Greece emerged as an independent nation retaining its traditions, predominately homogeneous population, and language.

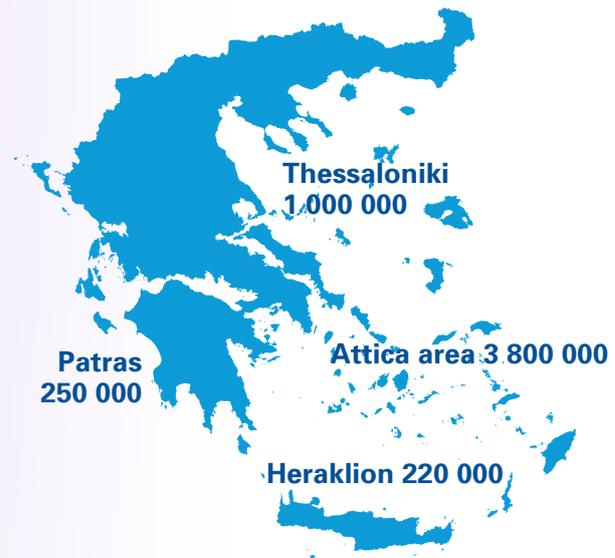
Greece is a Presidential Parliamentary Democracy with a unicameral parliament. The head of the State is the President, who is elected by the Parliament. The functions of the State are the executive, the legislative and the judicial.

The executive branch (Government) comprises of the Prime Minister, who is normally the leader of the political party with the majority of Parliamentary seats, the cabinet members who function as heads of the various Ministries, and the President. For administrative purposes, Greece is divided into thirteen (13) regions (called "peripheries") which are governed by "Peripheriarches", elected every five years.

The legislative authority is the President and the Parliament which comprises of 300 members elected by popular vote.

Laws are voted on by the Parliament and ratified for enactment by the President. The judicial branch is independent of the Parliament and Government and is divided into civil, criminal and administrative divisions.

Greece is a member of numerous international bodies including the United Nations, the European Union, the North Atlantic Treaty Organization (NATO), the International Monetary Fund (IMF), the Organization of Economic Cooperation and Development (OECD) and the Council of Europe.



**Total population (2017 est): 10 800 000**

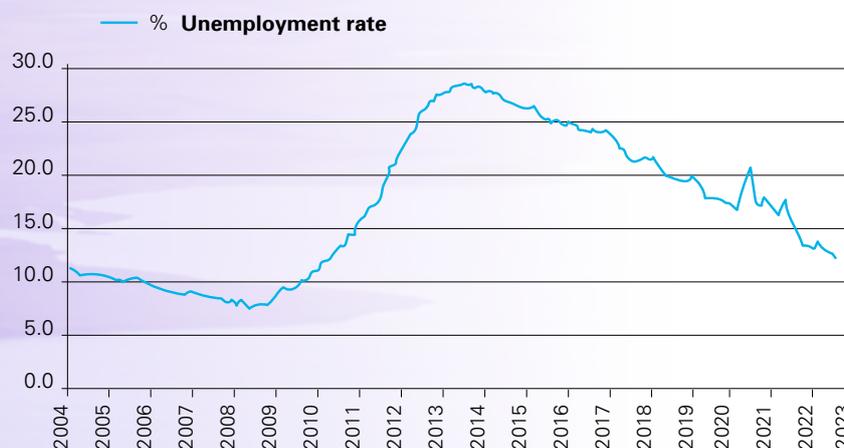
## Population and language

Greece's population is presently just below 11 million whereas the working population is about 4 million. The population is predominately homogeneous, within the Attica area, and to a lesser extent in the other major cities and some rural areas, hosting minority international communities.

The officially published unemployment figures indicate that the rate of seasonally adjusted unemployment in October 2018 was 18.6%, declining during the last five (5) years.

A large portion (34%) of the working population is self-employed.

Greek is the official language whereas English is also widely spoken, followed by French and German.



Source: Hellenic Statistical Authority

# Tax Residency rules for Individuals

According to the Greek tax legislation the residence of an individual for tax purposes is Greece, if respective individual has his permanent or main residence or habitual residence or center of vital interest in Greece. Furthermore, an individual is considered a Greek tax resident as of the first day of his residence in Greece if he/she resides, cumulatively within a twelve month period, in Greece for a period exceeding 183 days, including short term stay outside Greece. However, the respective provision is not applicable in case of individuals who are present in Greece only for tourism, medical, medicinal or equivalent personal purposes on condition that their presence in Greece does not exceed 365 days threshold.

# High Net Worth Individual (HNWI) Regime

In an effort to attract high net worth individuals, an alternative taxation on foreign source income earned by individuals (and/or their relatives) who transfer their tax residence to Greece is introduced.

## Conditions of the program

In order for an individual to qualify a minimum investment of EUR 500.000 shall be made in Greece which must be completed within a period of three (3) years.

Furthermore, the following conditions should be cumulatively met:

- (a) the individual was not a Greek tax resident for the seven (7) out of the eight (8) years preceding the transfer of his tax residence to Greece, and
- (b) can prove that they or their relatives or a legal entity in which they hold the majority of the shares, invests in real estate or moveable assets or shares of legal entities based in Greece.

Condition (b) is not required in case of an individual who has obtained a residence permit due to investment activity in Greece (based on article 16 of Law 4251/2014).

## Preferential alternative taxation

In particular, individuals who will utilize the alternative taxation method, should pay:

- a lump sum tax of EUR 100 000 on an annual basis, regardless of the level of their foreign source income,
- plus a lump sum tax of EUR 20 000 on an annual basis, in case a relative utilizes respective provisions.

## Application deadline & Competent Authority

Application shall be filed by 31 March at the competent tax office which is the non-resident's tax office. Supporting documents shall be submitted by May.

## Statute of limitation of the regime

Utilization of these provisions cannot exceed a period of fifteen (15) tax years.

## Greek tax reporting, FTC, Inheritance & Donations

The Greek source income of the individuals subject to the alternative taxation method should be reported in the annual income tax return and taxed according to its classification, whilst their foreign source income is not subject to reporting and is taxed based on the lump sum tax.

It is worth mentioning that settlement of the annual lump sum tax exhausts any further tax liability for the individual on their foreign source income, whilst any tax paid abroad is not offset against any Greek tax liabilities (e.g. no Foreign Tax Credit (FTC) is available).

Furthermore, this individual is exempt from inheritance and donations tax on any foreign assets.



# Foreign Pensioners Regime

In an effort to attract foreign pensioners, the alternative taxation regime on foreign source income earned by individuals who transfer their tax residence to Greece is expanded. In particular, the new provisions provide the option to foreign pensioners to benefit from the alternative taxation of their total foreign source income.

### Conditions of the program

Individuals who will utilize the alternative taxation method should cumulatively meet the below conditions:

- a) the individual was not a Greek tax resident for the five (5) out of the last six (6) years preceding the transfer of his tax residence to Greece and
- b) the individual transfers his tax residence to Greece from a country with which Greece has in force an agreement for administrative cooperation in tax matters.

### Preferential alternative taxation

Under the alternative taxation regime, individuals will be subject to an annual flat tax rate of 7% on their total foreign source income.

The tax is paid in lump sum for each tax year until the last business day of July and it does not offset against any other tax liabilities or credit balances of the individual.

The settlement of this tax exhausts any further tax liability for the individual on such income.

### Application deadline & Competent Authority

Application along with proof of commencement of investment shall be filed by 31 March at the competent tax office which is the non-resident's tax office. Supporting documents shall be submitted by May.

### Statute of limitation of the regime

The said alternative tax regime is in force for the tax year which the application is filed and for fifteen (15) tax years in total.

### Greek tax reporting, FTC, Inheritance & Donations

The individuals should report in their annual tax return both their Greek and foreign source income (e.g. world wide reporting requirement). Any foreign tax paid abroad on the foreign source income, may be claimed as a foreign tax credit (FTC) against the tax due in Greece, however up to the amount of Greek tax due on such foreign source income.

Furthermore, the said provisions do not affect the application of the international agreements for the avoidance of double taxation ratified by Greece.

Furthermore, this individual is not exempt from inheritance and donations tax on any foreign assets.



# Attracting foreign individuals to work in Greece

In an effort to attract tax residents in Greece and further to the special tax regimes which have already been introduced (e.g. High Net Worth Individuals and Foreign Pensioners), a special regime of alternative taxation for individuals who transfer their tax residence in Greece is introduced as of tax year 2021.

## Conditions of the program

We outline below the conditions which must be cumulatively met in order to qualify for the special regime:

- (a) the individual was not Greek tax residents for the five (5) out of the last six (6) years preceding the transfer of their tax residence to Greece,
- (b) they transfer their tax residence from a member country of the E.U. or the E.E.A. or from a country with which Greece has an agreement in force for administrative cooperation in tax matters,
- (c) they provide services in Greece on the basis of an employment contract with a Greek legal entity or a foreign legal entity with permanent establishment in Greece,
- (d) they declare their intention to stay in Greece for at least two (2) years.

The above conditions equally apply in case of business activity in Greece.

It should be highlighted that the newly introduced special tax regime applies only in case of “new job offerings/positions”.

## Preferential alternative taxation

The special regime applies on both employment income, as well as for business activity rendered in Greece. Specifically, the individual who will transfer their tax residency to Greece and qualify for the special taxation regime will be eligible to income tax on 50% of their employment income earned in Greece during any tax year.

The above exemption equally applies to individuals who will transfer their tax residency in Greece in order to operate business in Greece as entrepreneurs. Namely, 50% of their business activity income derived in Greece is income tax exempt on any given tax year.



## Application deadline & Competent Authority

Application shall be filed with the tax authority within the same year the employment or business activity commences in Greece. It can also be filed the following year but it will only be examined for such year the application was filed. In case of commencement of employment or business activity by 2 July the application is reviewed for respective tax year (assuming the application is also filed in the same tax year).

## Statute of limitation of the regime

Individuals who will qualify for the said special taxation may only enjoy this beneficial regime for seven (7) consecutive tax years. Following the seven years period, the special tax regime is no longer valid.

## Greek tax reporting, FTC, other

World wide reporting is expected for respective individuals, although eligible to claim foreign tax credit (up to certain limits). It is worth mentioning that individuals who will be subject to the special tax regime are exempt from imputed income criteria arising from the use of a residency and private car.

# Other Considerations



## Imputed Income (on acquisition and possession)

The legal provisions designed to prevent tax evasion specify that individuals filing a tax return in Greece are taxed on the higher of their declared income or imputed income. Income is imputed on the basis of living expenditure (i.e. the engine size of owned motor vehicles, the maintenance and use of a swimming pool, private school's tuition fees etc.) or acquisition of certain assets (i.e. the repayment of loans, purchase of market shares and other titles, contributions made for the purchase of business or contributions for capital increase, the purchase of real estate/vehicles, the construction of a swimming pool, payments made against insurance investment contracts for the part which forms an investment product etc.).

## Visa requirements/residence permit

Citizens of EU member states must obtain the appropriate type of Certificate of Registration of an EU Citizen if they wish to work in Greece or wish to take up residence in Greece (a visit of up to three months does not require a permit). Furthermore, if they wish to reside and work in Greece, citizens of countries outside the EU/EEA must obtain an entry visa issued by the Greek Consulate at their place of origin or residence before arriving in Greece. Greece also has

a Golden Visa program allowing non EU citizens who make certain investments in Greece (e.g. real estate, bank deposits, securities etc.) to reside in Greece with access to visit all EU countries.

## Luxury Tax

A tax on luxury living is imposed on the amount of annual imputed income arising from the ownership or use of private cars with large engine power, airplanes, helicopters, swimming pools as well as private yachts/boats exceeding 5 meters (excluding wooden sailing boats and pleasure ships which are constructed or under construction in Greece in conformance with Greek nautical tradition). A tax rate of 5% applies on the amount of annual imputed income for cars of 1 929cc to 2 500cc, whilst the respective rate is increased to 13% for private cars exceeding 2 500cc. For the remaining items (e.g. airplanes, helicopters, swimming pools and private yachts/boats exceeding 5 meters), a tax rate of 13% applies. The only exemptions from the tax on luxury living are private cars of more than 10 years of age from the date of their first circulation in Greece and cars of disabled individuals, which are also exempt from road tax. As of tax year 2019 onwards, private cars of tax payers having at least four (4) dependent children are exempt from luxury tax.

# Special Tax Regimes at a Glance

## High Net Worth Individual (HNWI) Regime

## Foreign Pensioners Regime

## Attracting foreign individuals to work in Greece

### Conditions of the program

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• Not a Greek tax resident for the seven (7) out of the eight (8) years preceding the relocation to Greece</li> <li>• Can prove that they or their relatives or a legal entity in which they hold the majority of the shares, invests in real estate or moveable assets or shares of legal entities based in Greece</li> <li>• Minimum investment of EUR 500 000 within a period of three (3) years.</li> </ul> | <ul style="list-style-type: none"> <li>• Foreign pensioner</li> <li>• Not a Greek tax resident for the five (5) out of the last six (6) years preceding the relocation to Greece</li> <li>• Transfers tax residency from a country with which Greece has in force an agreement for administrative cooperation in tax matters.</li> </ul> | <ul style="list-style-type: none"> <li>• Not Greek tax residents for the five (5) out of the last six (6) years preceding the relocation to Greece</li> <li>• Transfers tax residency from a member country of the E.U. or the E.E.A. or from a country with which Greece has an agreement in force for administrative cooperation in tax matters</li> <li>• Provides services in Greece, via employment contract or via business activity</li> <li>• Declares intention to stay in Greece for at least two (2) years</li> <li>• Applies only in case of “new job offerings/positions”.</li> </ul> |
|--|--|--|

### Preferential alternative taxation

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• A lump sum tax of EUR 100 000 on an annual basis (extinguishing tax liability on global foreign source income)</li> <li>• Plus a lump sum tax of EUR 20 000 on an annual basis, in case a relative utilizes respective provisions.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual flat tax rate of 7% on total foreign source income</li> </ul> | <ul style="list-style-type: none"> <li>• Eligible to income tax on 50% of employment income earned in Greece during any tax year</li> <li>• Exemption equally applies to individuals who will transfer their tax residency in Greece in order to operate business in Greece. Namely, 50% of their business activity income derived in Greece is income tax exempt.</li> </ul> |
|--|---|---|

### Application deadline & Competent Authority

- |  |  |  |
|--|--|--|
| <ul style="list-style-type: none"> <li>• Application shall be filed by 31 March at the non-resident’s tax office</li> <li>• Supporting documents shall be submitted by May.</li> </ul> | <ul style="list-style-type: none"> <li>• Application shall be filed by 31 March at the non-resident’s tax office</li> <li>• Supporting documents shall be submitted by May.</li> </ul> | <ul style="list-style-type: none"> <li>• Application shall be filed upon arrival or within the same tax year. If filed the following year, it is examined for such year.</li> <li>• In case of commencement of employment or business activity by 2 July the application is reviewed for respective tax year, otherwise for the following year.</li> </ul> |
|--|--|--|

### Statute of limitation of the regime

- |   |   |  |
|---|---|--|
| <ul style="list-style-type: none"> <li>• Fifteen (15) tax years.</li> </ul> | <ul style="list-style-type: none"> <li>• Fifteen (15) tax years.</li> </ul> | <ul style="list-style-type: none"> <li>• Seven (7) tax years.</li> </ul> |
|---|---|--|

### Greek tax reporting, FTC, other

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Annual tax return filing requirement, reporting only Greek source income</li> <li>• No FTC available</li> <li>• Exempt from inheritance and donations tax on any foreign assets.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual tax return filing requirement, reporting world wide income</li> <li>• FTC available</li> <li>• Subject to inheritance and donations tax on any foreign assets.</li> </ul> | <ul style="list-style-type: none"> <li>• Annual tax return filing requirement, reporting world wide income</li> <li>• FTC available</li> <li>• Exempt on imputed income from use of residency and private car.</li> </ul> |
|--|---|---|

### Other Considerations applicable to all regimes

- Imputed Income (on acquisition and possession)
- Luxury Tax
- Visa requirements/residence permit.

# We are here to help



If you are mesmerized by the great opportunities Greece has to offer to you and your business, please do get in touch with us at the earliest convenience. We will be happy to assist with the following expertise (among the wide variety proposed):

- Special tax regime analysis for your specific situation.
- Residence test analysis, registration, compliance.
- Special tax regime eligibility test.
- Greek tax compliance, including various submissions and advisory assistance (income tax, inheritance, donation etc.).
- Immigration advisory and compliance procedures.

# Contacts



**Aneza Stavrou**  
Director, Tax  
Tel.: +30 210 6062440  
Email: [astavrou@kpmg.gr](mailto:astavrou@kpmg.gr)



**Vaya Karamitrou**  
Senior Manager, Tax  
Tel.: +30 210 6062440  
Email: [vkaramitrou@kpmg.gr](mailto:vkaramitrou@kpmg.gr)



**Alexandros Deligiannis**  
Manager, Tax  
Tel.: +30 210 6062440  
Email: [adeligiannis@kpmg.gr](mailto:adeligiannis@kpmg.gr)



**Konstantinos Pelekanos**  
Manager, Tax  
Tel.: +30 210 6062440  
Email: [kpelekanos@kpmg.gr](mailto:kpelekanos@kpmg.gr)

**ATHENS**

44, Syngrou Avenue,  
11742 Athens  
T: +30 210 6062100  
F: +30 210 6062111

**THESSALONIKI**

Aghias Anastasias & Laertou,  
Philippos Business Center  
PO BOX 8405,  
57001 Thermi Thessaloniki  
T: +30 2310 55 09 96  
F: +30 2310 54 36 70

e-mail: [info@kpmg.gr](mailto:info@kpmg.gr)  
[kpmg.com/gr](http://kpmg.com/gr)

[kpmg.com/socialmedia](http://kpmg.com/socialmedia)



General Electronic Commercial  
Registry 003467701000

© 2024 KPMG Advisors Single Member S.A., a Greek Societe Anonyme and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.  
The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.  
The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.