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International Assignment Services Taxation of International Assignees Country – Greece

Human Resources Services

International Assignment Taxation Folio

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Country: Greece

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Introduction: International assignees working in Greece

This booklet was prepared by PricewaterhouseCoopers to provide foreign nationals planning to work in Greece with a general background of Greek tax law and other relevant issues. It reflects tax law and practice as at December 2014.

This booklet traces a Greek assignment through seven steps. These steps address the specifics of what to do before you arrive in Greece, what to do when you are here and what to do before you move out of Greece. Familiarity with these issues will make your assignment easier and more enjoyable.

This booklet is not intended to be a comprehensive and exhaustive study of Greek tax law, but should be used as a guide as you prepare for your assignment to Greece. We advise you not to make any decisions without first seeking professional advice, as laws and interpretations in Greece are subject to relatively frequent changes without much prior notice. This booklet will give you the preliminary information you can use to define the issues that are relevant for your situation.

If we can be of assistance or if you require additional copies of this booklet, please contact one of the individuals listed in Appendix E.

Step 1:
Understanding basic principles

The scope of taxation in Greece

1. Foreign nationals may be taxed as "residents" or "nonresidents". Residents are subject to Greek income tax on their worldwide annual income, regardless of their nationality and the place where this income has been generated, paid or remitted. Nonresidents are taxed only on income derived from a source within Greece or outside Greece which is related to their Greek duties.

2. A resident has a different tax liability than a nonresident. For purposes of this booklet, the term "resident" will refer to a person with worldwide tax liability in Greece whereas the term "nonresident" will refer to a person who does not meet the residency requirements for tax purposes and, consequently, is taxed in Greece only on his Greek sourced/related income. It should be noted that the terms "resident" and "nonresident" are for tax purposes only. An individual can be determined as resident for tax purposes and as nonresident for immigration purposes and this is frequently the case.

3. Additionally, the Greek tax system provides different treatment to individuals and corporations. This booklet will focus on individual residents and nonresidents in Greece and excludes from its coverage the tax treatment of corporations.

4. Legal spouses are obliged to file (with certain exceptions) a joint Greek tax return; however the income of each spouse is taxed and assessed separately on the basis of their personal income. Taxable income of children is always added to the taxable income of the parent who declares the higher income.

The tax year

5. For individuals, residents and nonresidents, the Greek tax year corresponds to the calendar year (i.e. January – December).

Income tax rates

6. The individual income tax for a resident as well as for a nonresident is calculated at progressive rates that vary from22 0% to 42%. The 42% rate applies on annual income, arising from employment/salaried services, in excess of € 42.000.

   Effective 2013, the tax free bracket of € 5.000 that was previously in force has been repealed and replaced by a system of reducing the income tax based on certain expenditures for annual personal living.

   More specifically, the maximum amount of tax reduction is € 2.100 for income up to the maximum of € 42.000. If the income tax due is below € 2.100, the amount of the reduction is limited to the amount of income tax.

The tax deduction of € 2.100 applies provided that expenditure/receipts (realized in Greece or any other EU country) for personal spending are demonstrated equal to 10% of the taxable income and up to the income of € 105.000 (i.e. total amount of receipts € 10.500 per tax payer).

In case no or less receipts are demonstrated, an additional tax at the rate of 22% of the ensuing amount is imposed.

EU tax residents earning more than 90% of their worldwide income in Greece are not required to demonstrate any receipts.

For the resident and nonresident individual tax scales please refer to Appendix A.

Residence

7. Current Provisions effective January 1, 2014 onwards: Based on the provisions of the recently voted Greek Income Tax Code (L. 4172/2013) the general rule which is considered for the determination of an individual's tax residence status is the latter's physical presence in Greece during the same calendar year (183 days). The 183 days rule itself, does not apply in reverse though.

Apart from the actual number of the days the taxpayer and/or his family spend in Greece, another crucial factor which can be used for the determination of an individual's tax residence is the centre of his/her "vital interests".

8. Preceding Provisions up to December 31st 2013 (L. 3943/2011): July 23, The Greek Income Tax Code did not provide for the definition of the term "residence". As per the said act, significant changes have been introduced concerning the determination of an individual's tax residence.

In this respect and in an effort to enlighten the issue, the Greek MoF has issued the circular OL1142/ 31.5.2012 as well as an internal general guideline for the local tax offices, which in essence concluded that the tax residence status is determined on a case by case basis based on actual facts of each taxpayer and can be justified on the basis of various documentation/ evidence that are submitted to the tax office by each tax payer.

The aforementioned circular has effect up to December 31st 2013 and regarding the procedure to be followed as of January 1st 2014 the Greek MoF has yet to puplish the respective instructions.

9. When an individual qualifies as a resident of both Greece and another country during the same period, and Greece has entered into a double-tax treaty with the other country, the "tiebreaker" provisions of the tax treaty (if any) apply to arbitrate and define the tax residency of the individual.

See Appendix C for the list of countries with which Greece as currently in force concluded a tax treaty.

Taxation of resident individuals in Greece

10. The individual income tax for a resident is calculated at progressive rates that vary from 22% to 42% (*). The 42% rate is applicable to annual income arising from employment/salaried services in excess of € 42.000.

11. Individuals subject to Greek income tax are required to obtain a Greek tax identification number so called "AFM" and file an annual income tax return with the competent tax office.

The submission of the income tax returns as of January 1, 2012 onwards, is effected only via internet. Specific procedures are followed for the registration of a taxpayer in order to login for e-services.

Taxation of nonresident individuals in Greece

12. The individual income tax for a non resident is calculated at progressive rates that vary from 0% to 42% (*). The 42% rate is applicable to annual income arising from employment/salaried services in excess of € 42.000

13. Non resident individuals subject to Greek income tax are required to obtain a Greek tax identification number so called "AFM" and appoint a tax repsresentative against the Greek tax authorities in order to file an annual income tax return with the competent tax office.

Income Tax Payments to the Greek Tax Authorities

Income Tax Payment Due Dates

14. The deadline of tax payments has been set to July 31st of the year following the year of concern In general, income tax may either be paid in a one lump sum (effective January 1, 2010 a deduction of 1.5% is provided) or in 3 installments (no deduction provided).

In particular, the tax assessment notifications are issued by the tax authorities on June 30 of the year following the tax year in question) and the payment schedule follows three (3) installments due on July 31, September 30 and November 30 (if the above do not coincide with working days, the earlier date is considered for payment).

Income Tax Payment Alternatives

15. The tax clearance notice is issued to the taxpayer's name, therefore the only beneficiary for tax due is the taxpayer himself. In this respect, the alternative ways of payment are stated below:

Visit to a Greek Bank

Tax payments can be realized to any Greek bank either by the taxpayer himself or by a third person provided that the taxpayer demonstrates the payment ID which is issued via the portal of the Greek Ministry of Finance (www.gsis.gr) using his/her personal credentials.

Via e-Banking

Tax payment can be realized online provided that the taxpayer has an active web banking account in a Greek contracting bank. (PwC Page 7 of 30)

Tax Refund Process

16. A tax refund can be collected by the taxpayer in three alternative ways:

Greek Tax Office

The tax refund can be collected by the competent tax office either in person or by an authorized third party (based on a duly signed and verified authorization document), howsoever, bearing the original tax assessment in both cases.

Greek Bank

The tax refund can be collected by the contracted banks either in person or by an authorized third party (based on a duly signed and verified authorization document), howsoever, bearing the original tax assessment in both cases.

Automatic deposit based on the IBAN

The tax refund may be deposited automatically in the taxpayer's personal Greek bank account in case the latter has included the Greek IBAN into the submitted tax return.

Step 2:
Understanding the Greek tax system

Categories of income

17. The Greek income tax code classifies income into schedules. There are six schedules of taxable income:

- Salaries and wages
- Real estate
- Securities
- Commercial activity
- Agricultural activity
- Professions (free lancers) and all other sources not included above.

Income from Salaries and Wages

18. Income from salaried services includes total remuneration from employment. For residents, it may also include income from services performed abroad. As such, cost of living as well as benefits in kind namely (a) housing allowances, (b) tuition fees, (c) expatriate allowances, (d) tax reimbursement, (e) house rentals paid by the employer, (f) company car, etc constitute taxable income to employees and should be aggregated in his/her salary followed by the respective income tax withholding and social security contributions (if applicable).

19. Board of Directors fees/remunerations paid to Board Members are now considered as salaried income hence they are taxed based on the respective income tax scale for salaried services%. For the resident and nonresident individual tax scales please refer to Appendix A.

Income from Real Estate

20. Income from real estate generally includes income from buildings (e.g. houses, shops, etc) and farm land (i.e. farms, forests, quarries, mines, meadows, springs, lakes, fisheries, etc.). Effective Janaury 1, 2014 the supplementary tax of 1.5% or 3% has been abolished.

Below you may find the tax scale applicable to rental income as in force effective January 1, 2014:

Income (EUR)	Tax Rate	Income Tax (EUR)	Total Income (EUR)	Total Income Tax
12.000,00	11%	1.200,00	12.000,00	1.200,00
Above	33%			

Securities/Dividends

21. For dividends distributed as of January 1, 201 4 onwards and arise from domestic corporations operating under the legal form of Societe Anonyme or Limited Liability Companies the withholding tax at the rate of 10% is imposed with exhaustion of the income tax liability.

    Dividends distributed to Greek tax residents by non-domestic corporations operating under the legal form of Societe Anonyme or Limited Liability Companies are also taxed at the rate of 10% with exhaustion of the income tax liability.

Commercial Activity

22. Profits from any business enterprise are included in the income from commercial activity. Taxable profits are computed by subtracting the tax-deductible expenses from the gross income. If the required books and records are not properly maintained, gross income is computed by the tax authorities on the basis of available information (i.e. out of books calculation), and taxable income is calculated by applying certain statutory rates on gross income. Special regulations apply to certain categories of business, such as ship-owners.

Income from Agricultural Activity

23. Income from agricultural enterprises includes profits from any farming activity undertaken directly by the taxpayer. The profit is determined on the basis of various objective factors unless double-entry accounting books are maintained (e.g. land, crop, area, etc.). Specific tax exemptions as well as an “objective system of taxation” may apply.

Income’s Taxation at Source

24. Pursuant to the provisions of L.3842/2010, most cases of income’s taxation at source were abolished; however taxation at source with exhaustion of any further income tax liability is maintained for:

    – Interests on bank deposits/State bonds;

    – Interest on deposits with banks operating in Greece and interest from Greek bonds and treasury bills are subject to income tax at the rate of 15% and this tax is withheld at source with exhaustion of any further income tax liability. Nonresidents are exempt from such tax on deposits in foreign currency. Same rates apply for interest arising from non-Greek banks where the liability for the payment of the 15% tax lies upon the beneficiary of the income;

    – Transfer of non-listed shares was taxed at 5% until December 31, 2013 (the transfer tax may be eliminated based on the provisions of the DTT where applicable). Transfers of non listed shares, effected after the said date, are subject to capital gain tax at the rate of 15%;

    – Transfer of listed shares is taxed at 2‰ until December 31, 2013. Effective 1/1/2014 transfer tax of listed shares is replaced with tax on the capital gain at the rate of 15%. However some exemptions may apply (i.e. if they are acquired up to Janaury 1, 2009 and the transferree’s participation in the company’s capital is at least 0,5%).;

    – Dividends distributed within 201 4 arise from Greek entities operating under the legal form of Societe Anonyme, are taxed via corporate withholding taxation at the flat rate of 10%;

Dividends distributed within 2013 (to Greek tax residents) by non-Greek entities operating under the legal form of Societe Anonyme are taxed at the flat rate of 10%.

In case the dividends are transferred by the taxpayer to Greece then, the subject tax will be withheld and paid by the mediator (Greek bank) to the Greek Tax Authorities. On the contrary, if such income remains abroad (not transferred in Greece) or was transferred to Greece in other way (not via bank), then it is the taxpayer's responsibility to visit the competent Greek tax office and pay the tax within one month from the date he received such income.

– Severance payment with a tax free bracket to € 60,000 is taxed as follows:

Severance payment (in €)	Tax
0-60 000	0%
60 001-100 000	10%
100 001 - 150 000	20%
150 001 - exceeding	30%

Other Taxes

Uniform Tax on the Ownership of Real Estate Property (EN.F.I.A)

L.4223/2013 introduced from 2014 onwards the Uniform Tax on the Ownership of Real Estate Property (EN.F.I.A), whilst explicitly abolishing the Annual Real Estate Tax.

The EN.F.I.A. replaces in reality the Annual Real Estate Tax (applicable from 2010 until 2013) and the Special Real Estate Duty (applicable for 2013) [and previously the Extraordinary Special Real Estate Duty applicable for the years 2011 and 2012] and constitutes a combination of those taxes taking the form of a principal tax imposed on each real estate property (according to a method of calculation similar to the Special Real Estate Duty, including however land plots located either within our outside urban planning) and a supplementary tax imposed on the total value of the property rights on real estate property of the taxpayer subject to tax (according to a method of calculation similar to the Annual Real Estate Tax, namely for individuals in application of a progressive tax scale and tax free value of € 300,000, and for legal entities in application of a analogous tax rate – 5‰ or 2.5‰, without tax free band, but with a full exemption for self-used properties).

The determination of the value of the real estate property on the basis of the method specified in article 32 of L.3842/2010 constitutes the taxable value on which the supplementary tax is imposed. It is noted that this determination of the value of real estate property and property rights is made exclusively for EN.F.I.A purposes and does not correspond to the determination of the objective value of real estate property for other capital taxation purposes (inheritance, donation, parental grants, transfers etc.).

The EN.F.I.A. is equal to the principal tax imposed on each real estate property and the supplementary tax with is imposed on the total value of property rights on real estate property subject to tax.

EN.F.I.A. Object (article 1 of L.4223/2013)

The EN.F.I.A. is imposed on property rights on real estate property located in Greece and which are owned by individuals or legal entities or other entities as at 1st January of each year, irrespective of potential amendments taking place during the year and of the transfer of ownership title. The EN.F.I.A. is imposed, aside from the property rights of full ownership, bare ownership, usufruct and occupancy, also on surface rights on real estate property, as well as property or contractual rights of exclusive use of parking spaces, ancillary spaces and swimming pools located in a common area of the real estate property and constitute fixtures of the aforementioned property rights.

Exceptionally, the EN.F.I.A. is imposed on the right of possession or putative possession and of occupation, as well as property pledged by local authorities.

For the determination of EN.F.I.A. the actual condition of the real estate property, as indicated on a final registration at the Cadastre or from the ownership deed is taken into consideration. In case the actual surface of the real estate property exceeds the surface indicated on the final registration at the Cadastre or the ownership deed or the building permit or a change in use of the property has taken place, the actual surface and actual use of the real estate property are taken into consideration.

Taxpayers subject to EN.F.I.A. (article 2 of L.4223/2013)

Every entity (individual or legal entity) or every other entity is subject to tax according to the property right and property percentage.

The case of occupying real estate property owned by a body of the General Government without the latter's consent is specifically included in the enumerated entities subject to tax. Similarly, the occupier of real estate property, with the exception of the State, owned by the Public Properties Company S.A. and Attica Coastline S.A. with the aforementioned legal entities' consent and irrespective of the manner of occupying the real estate property is also rendered subject to tax. In such cases, the total tax equals the tax corresponding to the full ownership and burdens exclusively the third party.

Exemptions from EN.F.I.A. (article 3 of L.4223/2013)

Exemptions are added, subject to conditions, for real estate property under alienation and of real estate property for which a prohibition (total or partial) of any use applies on the basis of City Planning or for reasons of environmental protection.

Calculation of EN.F.I.A.

The calculation of the principal tax of EN.F.I.A. is determined uniformly for property rights owned by individuals, legal entities and other entities, irrespective of the taxpayer subject to tax. It is a system of direct calculation of tax corresponding to each real estate property on the basis of a tax rate indicated in Euros per square meter of building or plot (either within or outside urban planning), in a manner analogous to the calculation of the Special Real Estate Duty on buildings.

Special Solidarity Contribution (applicable for both Greek and non-Greek tax residents)

25. The tax reform of July 1st, 2011 (L. 3986/2011), has applied the imposition of "social contribution" for the tax years 2010 - 2015. Such contribution is imposed on the total gross taxable income of individuals either this is actual or deemed, taxable or tax exempt (only severance payments and certain annuities are excluded), as this arises based on their personal income tax returns that have been (and will be) submitted during the aforementioned tax years.

Total Annual Net Income	Tax Rate (Imposed on Total Income)
12.001 - 20.000	1%
20.001 - 50.000	2%
50.001 - 100.000	3%
Exceeding Euro 100.001	4%

For the executive members of the Greek Parliament, i.e. President of Democracy, President and Vice President of the Parliament and the Government, Ministers, etc., the rate of the special contribution is set to 5%.

Any income taxed at source (please refer to §22 of the present) is also subject to this contribution apart from the severance payment which is exempt from this levy.

Professions and other types of income

26. Professional fees consist of total compensation for professional services rendered by individuals. The approach of the tax authorities in determining taxable income is similar to those for business enterprises.

27. It should be noted that income from real estate, commercial activity, agricultural activity, professions and securities, if earned from sources located outside Greece by nonresidents, is not taxable in Greece.

Deductions

28. Certain expenses are deducted from the gross income to reach the taxable one. These deductible expenses, provided for by specific provisions of Greek Income Tax Code, mainly include the following:

– Mandatory by the law social security contributions;

– Tax credit of 10% on medical expenses for the portion of the amount that is not compensated/covered by the State social security fund and/or private insurance funds and/or companies and exceeds 5% of the reported taxable income. The maximum amount of this 10% deduction cannot exceed € 3 000;

– Alimony paid by divorced spouses (only to each other) based on an notary deed (maximum alimony on which tax credit is calculated is € 15.000 and tax credit of 10% up to a maximum of € 1.500);

– Donations and grants of specific instances and to restrictively listed bodies and organizations (Maximum amount of reduction of 5% of the total taxable income).

Nonresidents

29. Nonresidents are not eligible for deductions from the tax due. However, deductions (from the tax due) are allowed for EU member states' residents, who earn at least 90% of their worldwide income from sources in Greece (please see Appendix A). In order for tax payer to claim such deductions he/she will be more likely requested to demonstrate adequate proof to the Greek tax authorities (please see §1.10).

Tax computation

Taxable income

30. The net taxable income of individuals is computed according to the applicable income tax scales (i.e. salaried income, rental, etc.) considering also the items that are taxed at source with exhaustion of any further liability, i.e. bank interest, State bonds, capital gains arising from the transfer of a company, participation percentages in a society or joint venture, shares of Partnerships (O.E., E.E.), Limited Liability Companies and S. A. shares.

Any foreign tax paid abroad by a resident can be further set off against the actual Greek one. Pursuant to the recent voted Tax Code the provision mentionning that in order for the foreign tax to be set off a) should have been paid to a country with which Greece has entered into a Double Tax Treaty and b) that this specific tax should be referred on the provisions of the subject treaty have been abolished. As of January 1st 2014, the foreing income tax could be set off against the corresponding Greek one only to the extent such tax has not been paid to a Country considered as non cooperativce for Greece (please refer to Appendix E). The amount of foreign tax deducted, however, cannot be higher than the amount of tax that would have been calculated in Greece if theforeign income was derived from Greek sources.

Taxable income based on deemed calculations

31. In addition to the total annual and actual taxable income – determined as described in the previous paragraphs – taxpayers may be taxed on deemed (notional) income arising mainly from the use/occupation/acquisition of certain assets such as real estate, cars, recreation boats (open type leisure or boats with cabins or not), airplanes, swimming pools, tuition fees, housekeeping staff (exceeding one), chauffeurs, teachers and other personnel.

Pursuant to the Greek Income Tax Code, the way of determining the annual expenditure for real estate (primary or secondary) is modified, and is based on the square meters of the property, while the expenditure for cars will mainly be calculated based on the car's engine capacity and age.

On top of the above, an annual amount of deemed income is set at € 3.000 or € 5.000 for single and married taxpayers, accordingly. Such deemed income reflects the minimum one to justify personal/family spending.

The annual amount of notional income can be disputed by the taxpayer in certain cases described in the law, but the burden of proof rests with the taxpayer.

Step 3:
What to do before you arrive in Greece

General remarks

32. It is highly recommended that immigration issues are settled before the employee arrives in Greece, in order to avoid delays and implications.

Immigration regime

33. Foreigners entering Greece should possess their passport. For EU nationals a visa is not required in order to enter Greece; whereas non-EU nationals generally need a visa unless special rules/treaties apply.

EU nationals

34. In general, citizens of the European Union enjoy the same rights as Greek citizens. Neither entry visas nor work/residence permits are required for EU citizens due to the freedom of movement and employment within the EU-territory.

However, an EU individual who wishes to stay in Greece for more than three months for working purposes should be registered with the police department of his/her residence.

In this respect, the EU nationals should submit the following documents:

– Application;

– Two (2) copies of the EU national's passport;

– Evidence of his/her home address (lease contract or real estate property title; if the individual is temporarily accommodated in somebody's estate residence, then a special declaration will be required);

– Three color photos;

– A solemn declaration by the Greek employer who has hired the employee;

The respective Bulletin of the (Greek) Government Gazette, duly establishing the representational powers of the Greek entity's representative signing the aforesaid solemn declaration. To be noted that the requested documents might slightly vary between the different Police Departments and therefore an upfront communication is suggested prior to any action.

Non-EU nationals

35. Generally, non-EU citizens should have acquired a visa by the competent consulate of Greece of the place of the individual's residence abroad before entering Greece (unless special rules/treaties apply).

According to the recently enacted Law 4251/2014 (the 'Law'), as in force, the entry and residence of non-EU nationals in Greece remains subject to the production of different and cumbersome documents, as well as it requires the completion of several procedures.

As a general remark, the Law contemplates only for specific types of residence permits and national visas on the basis of pre-defined and specified grounds.

In this respect, the Law – indicatively – accommodates for the issuance of residence permits for the below – main – categories such as: (a) for 'high-rank' employees (e.g.

Managing Directors, Division Managers etc.), members of Board of Directors, Administrators or legal representatives of Greek subsidiaries/branches; or (b) for non-EU nationals entering Greece in order to work under a Greek employment agreement for the provision of dependent services; or (c) for non-EU nationals purporting to exercise an independent economic activity in Greece; or (d) for non-EU nationals purporting to invest in Greece with a positive impact on the national development and economy.

The following supporting documentation is common for all types of Greek residence permits:

- Application form;
- Copy of passport bearing a valid special visa (i.e. visa for working purposes);
- Two color photos;
- Duty for the issuance of the residence permit (the amount depends on the type and duration of the residence permit);
- Certificate of the insurance organization (private or public in Greece or abroad) attesting that an application has been submitted by the individual to the above organization for hospitalization, labour accidents and outpatient medical care for illness and accident.

There are additional supporting documents that should be also filed with the competent Greek immigration authorities, depending on the specific article of the Greek immigration law, which will be applied to the non-EU national, such as, a ratified copy of the employment contract with the Greek company, documents evidencing the existence of the Greek company etc.

To be noted the following:

i. the competent immigration authorities remain, at all times, entitled to request the submission of further documents and/or the completion of additional

ii. the procedures required for the special visa and the residence permit for working purposes are complicated and time-consuming; and

iii. non-EU nationals may provide their services in Greece without the issuance of a Greek residence permit, but only by holding a special visa - which is granted from the Greek Consulate abroad - in the cases of **(a)** employees of EU/EEA enterprises that move to Greece for the provision of services towards a Greek contracting party, and **(b)** specialized technical staff from non-EU enterprises that move to Greece in the context of a supply agreement with a Greek enterprise.

Working conditions

36. Legal minimum salaries and daily wages are set by the Law. The national general collective labor agreement provides for the minimum non-salary working conditions which apply to any employee in the country.. This agreement is usually signed every year or every two years, after negotiations between the employers' associations and the General Confederation of Labor (GSEE).

The minimum monthly salaries/thresholds have been reduced due to the economic situation in Greece, and in view of the recent austerity measures, are set to Euro 586,08 for an employee above 25 years of age and Euro 510,95 for an employee below 25 years of age. Both figures refer to inexperienced employees. For each 3 years of experience the above figure for an employee above 25 years of age is increased 10% (Euro 58,61) up to a total increament of 30% for 9 years of experience or more. The corresponding figure for an employee under 25 years of age is increased by 10% for 3 years of experience or more. The said increments are payable to an employee with prior service to any employer and job specialty and apply for the completed service until 14.2.2012. The increments due to experience completed after 14.2.2012 are suspended until the unemployment rates in the country fall below a certain percentage..

Salaried employees (at the private sector) are additionally entitled to one month's salary as Christmas bonus, half of a monthly salary as Easter bonus and half of a monthly salary as annual leave bonus. Daily-rated employees are entitled to 25 days' wages as Christmas bonus, 15 days' wages as Easter bonus and 13 days' wages as annual leave bonus. Regarding the public sector, such allowances have been abolished since 2013.

37. The maximum work week is set at 40 hours (contractual working time) and either a five-day or six-day working system is adopted. Greek employees working under a five-day weekly regime may be legally occupied, by their employer, for an additional five (5) hours per week (i.e. up to 45 hours per week), with the said additional five (5) working hours constituting overwork employment.

Likewise, any Greek employee being occupied under a six-day weekly schedule may be also legally occupied, by its employer, for an additional period of eight (8) hours per week (i.e. up to 48 hours per week), with the said additional occupation also being considered as overwork employment rendered by the employee concerned. Any overwork occupation of a Greek employee, by its respective employer, is subsequently remunerated on the basis of the employee's agreed hourly wage, as further increased by 20%.

Holding reserve on the legal daily limits of nine (9) hours per day for employees occupied under a five-day weekly schedule (i.e. 45hrs per week: 5 days) and the daily limit of eight (8) hours per day for employees working under a six-day weekly regime (i.e. 48hrs per week: 6 days), any work provided by a Greek employee in excess of the aforesaid daily limits is considered as overtime.

Overtime employment is remunerated on the basis of the employee's actual hourly wage, as further increased by 40% for the first 120 hours of overtime employment per year; and 60% for overtime work in excess of 120 hours per year.

Any further work of the employee beyond the regular and agreed schedule, is reimbursed at 30% for Saturday work and 75% for Sunday work.

38. Until the employee has completed twelve months' service (first calendar year of employment) to the same employer, he/she is entitled to a percentage of the total annual leave based of the number of the working days within said year. The aforementioned proportion of annual leave is calculated on the basis of twenty days for a five-day weekly system.

After the completion of twelve months of employment with the same employer (i.e., during the second calendar year of employment), 21 days of leave should be granted to the employee, whereas upon the completion of two years (i.e. in the third calendar year of employment) with the same employer the employee is entitled to 22 days of leave.

Upon completion of 10 years of employment with the same employer (or 12 years to various employers), the employee is entitled to 25 days of annual leave.

39. Termination of employment becomes effective only in writing and following payment of proper severance compensation. The amount due depends on the years of service and the position of the employee as salaried or daily-rated. In the event of retirement, severance may be reduced by 50-60%.

Labor relations

40. The skilled labor force is gradually increasing as a result of programs of the Labor Force Employment Organization (OAED) and the Greek Productivity Centre (ELKEPA), with special emphasis on technical education.

41. Employer/employee relations are regulated by a detailed framework of labor and social security laws and regulations providing, among other issues, for working conditions and safety, engagement and termination of labor, minimum wages and salaries, fringe benefits, working hours, overtime, work on Sundays and public holidays, compulsory social security insurance, protection of youth and maternity, trade unions and strikes, etc.

Step 4:
What to do when you arrive in Greece

Taxpayer enrolment

42. Foreign workers in Greece (irrespective of their tax residence) must obtain a tax registration number, so called "AFM", from the competent Greek tax office, either as a Greek or as a non-Greek tax resident.

43. For the issuance of an AFM, a foreigner should demonstrate a valid passport, a residence permit to the competent tax authority (if applicable), a Greek residence's lease agreement (in case of registration as a Greek tax resident) and -in a case of EU citizen- a document named "Certificate of European Citizen" which is issued by the police department.

Registration with the Social Security Organization

44. Generally, all salaried employees regardless their nationality (i.e.EU or non-EU nationals), are subject to social security contributions from the first day of their employment in Greece. Exemptions from social security contributions are not granted, even for short-period assignments.

    However, employees who are citizens of either EU or non-EU countries with which Greece has bilateral social security (totalization) agreements in place (see Appendix C), may apply for exemption from mandatory Greek social security contributions if their respective home country social security coverage continues. Normally, the Greek social security authorities will require a home country certificate of coverage (so called "A1" document, former "E101").

    Social security coverage is compulsory for all employees. Supplementary social security coverage is also compulsory.

    As mentioned in §35, the most common social security fund is "IKA" as it deals with the majority of the enterprises/insured personnel of various activities and specialty.

45. Benefits provided under the social security programs include sickness allowances, maternity allowances and benefits, medical care, hospitalization, old-age pensions, disability pensions and unemployment compensation.

46. An employer is obliged to announce the personnel's employment and comply with certain formalities, such as:

    a. Notification of newly hired personnel within eight (8) days from the hiring to the Labour Force Employment Organization (OAED);

    b. Submission of a list with the employees' names and working hours to the local Labour Inspection authority;

    c. Insurance of the personnel with the competent social security fund.

    d. File a list of personnel to the Hellenic Labour Inspectorate (so called Σ.Ε.Π.Ε.) within the same day of hire.

Step 5:
What to do at the end of the year

Annual tax return

47. Foreign individuals working in Greece are required to file an annual Greek tax return based on their tax residence status (refer to Step 1).

48. The start date for the submission of the Greek income tax returns is February 1st and the deadline is June 30th the year following the year of concern

This deadline applies to the respective tax year and refers to all taxpayers irrespectively of the kind of income.

Step 6:
What to do when you leave Greece

Reporting departure

49. Tax clearance permits are not required for persons leaving Greece. However, under Greek tax law, such persons are required to file an income tax return for any income generated within the transfer year in accordance to the dates mentioned in Step 5.

    Moreover (only in case they were determined as residents during their presence in Greece) they should apply to the tax office for breaking their Greek tax residence and also appoint before the Greek tax office, a Greek tax resident as their tax representative (i.e. proxy) who will receive all their correspondence with the tax authorities, on their behalf. Please refer also to Step 1, §6.

Step 7:
Other issues of consideration

Double taxation

50. Greece has concluded bilateral treaties with various countries in order to eliminate double taxation on income and/or social security taxes (see Appendix C for a list of these countries). Double taxation can also be eliminated under local law. However, many provisions established by double-taxation treaties may provide for more preferential tax treatment and can be applied instead of Greek law.

    Pursuant with the Law 4024/2011, a new provision has been added in respect that the Greek State may provide tax credit on income and/or social security taxes under the following conditions:

    – The Greek Sate has concluded bilateral treaty with the specific country, and

    – The abovementioned tax credit is stated explicitly in the treaty

Inheritance and donation tax

51. Inheritance tax is assessed on the current value of the property inherited. Taxable property includes immovable and movable property located in Greece. Movable assets located abroad are subject to Greek inheritance tax if owned by Greek nationals residing abroad for less than 10 years or by foreign nationals residing in Greece. The taxable value of real property inherited/ bequeathed is the "objective value" (it is calculated on the basis of certain predetermined factors set by the Ministry of Finance) on the day of death of the testator. Any liabilities relating to such property are deductible. The tax rates are graduated and vary considerably, depending on the relationship between the deceased and the heir.

52. Donation tax is assessed on the current value of the property donated. Taxable property includes immovable and movable property located in Greece. Movable assets located abroad are subject to Greek gift tax if owned by a Greek national regardless of his residency or if they are donated to a Greek tax resident irrespective of his nationality. The tax rates are graduated and vary considerably, depending on the relationship between donor and donee. In general, tax liabilities arise upon receipt of gifts and are paid by the donee.

Business and travel expenses

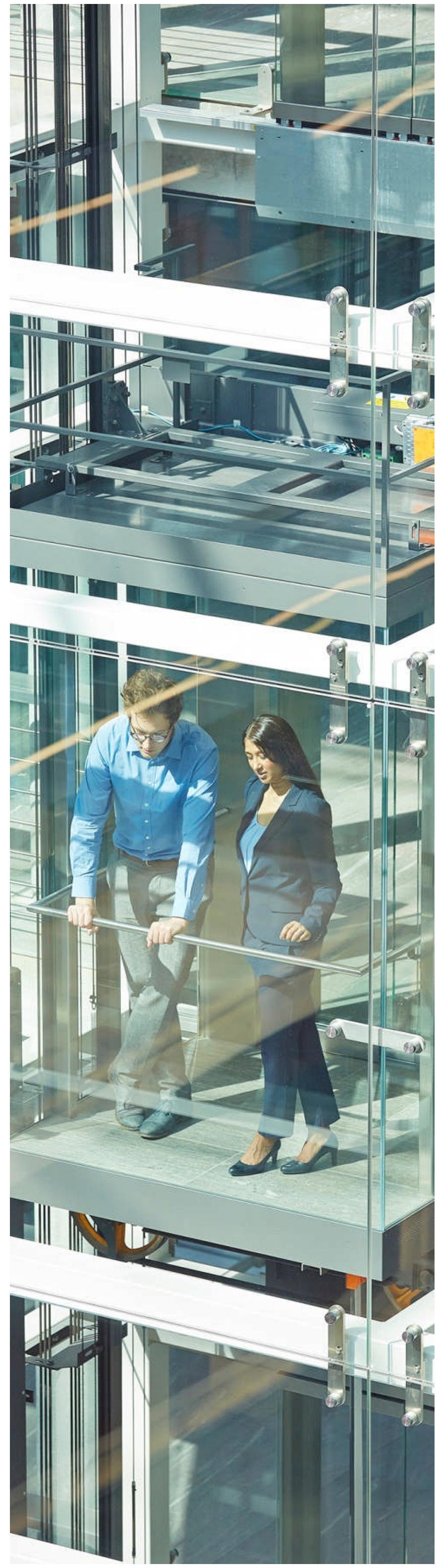
53. Full refund of business expenses to the employee can be achieved on condition that they are properly documented (as provided for by the Greek Books and Records Code) and all the documents are issued by the supplier in the name of the employer.

    By way of indication, some categories of business expenses are:

    – Meals/nutrition/ vouchers (up to € 6/employee/day);

    – Car rental (for the purpose of business travel) as long as this rental agreement(s) are concluded between the car rental/lease company and the employer;

- Hotel accommodations (for the purpose of business travel and properly documented as described above);
- Seminar or convention business trips, etc.
- Several benefits of immaterial value capped at € 27 annualy.



Appendix A:
Income tax rates

Personal income tax rates for the tax year 2014

Income tax on salaries for Greek and non-Greek tax residents:

Income (EUR)	Tax Rate	Income Tax (EUR)	Total Income (EUR)	Total Income Tax (EUR)
25.000,00	22%	5.500,00	25.000,00	5.500,00
17.000,00	32%	5.440,00	42.000,00	10.940,00
Above	42%			

Notes

a. The income tax (arising based on the progressive tax scale is reduced€ as follows:

– At 2.100 if the annual taxable income does not exceed € 21.000

– For income above the threshold of € 21.000 the total reduction of € 2.100 is limited to € 100 for every income bracket of € 1.000 and becomes nil when the annual taxable income reaches €42.000. In other words, for annual income exceeding €42.000 there is absolutely no reduction of the tax due.

b. The provision of the expense reduction of tax, presupposes, with some exceptions, the collection of receipts (purchase of goods and provision of services), which is determined at 10% of the declared and taxed personal income, limited up to the amount of € 10,500 and on the additional condition that relevant expense receipts have been included in the duly filed income tax return. The ensuing balance between the required and adduced amount of receipts is subject to additional tax imposed at a rate of 22%.

Tax discount (EUR)	
Income	Amount
Up to 21.000	2.100,00
Up to 22.000	2.100,00
Up to 23.000	1.900,00
Up to 24.000	1.800,00
Up to 25.000	1.700,00
Up to 26.000	1.600,00

Tax discount (EUR)	
Income	Amount
Up to 27.000	1.500,00
Up to 28.000	1.400,00
Up to 29.000	1.300,00
Up to 30.000	1.200,00
Up to 31.000	1.100,00
Up to 32.000	1.000,00
Up to 33.000	900,00
Up to 34.000	800,00
Up to 35.000	700,00
Up to 36.000	600,00
Up to 37.000	500,00
Up to 38.000	400,00
Up to 39.000	300,00
Up to 40.000	200,00
Up to 41.000	100,00
42.000,00	0,00

Appendix B:
Typical tax computation

Typical tax computation for tax year 2014

Assumptions – married resident individual with one dependent (spouse has no income). Gross taxable income has been determined after the deduction of the mandatory by the law social security contributions.

Tax computation	EUR	EUR
Taxable Salary, allowances and bonus	28,000	
Rental income (size does not exceed 300m2/first time declared)	6,000	
Gross income		34,000
Less — specific deductions:		
Rental deduction for depreciation @ 5% on rental income	(300)	
Net taxable income		**33,700**
Tax calculation		
Salaried income tax (as per the tax scale)	6.460	
Rental income tax (11%)	660,00	
Special Solidarity Contribution (2%) on total income	680,00	
Supplementary tax (6.000 *1,5%)	90.00	
Less deduction of 1,5% on salaried income tax due at source withholding by the employer (6.460*1,5%)	(96,90)	
Total taxes due		7.793,10
Less actual medical expenses € 1 000*10% (2)		(100)
Total		**7.693,10**
Plus tax advance of 55% due to rental income		N/A (1)

(1) No tax advance is calculated due to the fact that the at source withholding is higher

To be noted that the tax corresponding to the salary is withheld and paid to the Greek State by the employer on behalf of the employee on a monthly basis.

Rental income earned by individuals is also subject to a supplementary tax of 1.5% or 3% (please refer to paragraph 18 for the supplementary tax on rental income). Rental Income: € 6,000 X 1.5% = € 90 additional tax (for residence less than 300m2).

(2) The tax credit deriving from medical expenses has been calculated based on the assumption that € 1.000 is the difference between the 5% of the taxable income and the total amount of medical expenses occurred within the tax year.

Note: Nonresidents are not eligible for deductions from tax due (please see Appendix A). Deductions from both the amount of tax due are allowed only for residents of EU member states who earn at least 90% of their worldwide income from Greek sources.

In principle, the tax advance is a fixed rate (of 55%) imposed when no tax has been withheld at source in terms of any kind of income (except for salaried one), however in this case, the rate of 55% drifts also the income tax due from salaried income which produces the final tax liability. However, for any tax payer that submits a Greek income tax return for the first time, this tax advance is reduced at 27,5% (instead of 55%) for the first year. Such reduction applies only for the first year of submission, whereas the following years the tax advance (if applicable) is calculated at the flat rate of 55%. In addition, the tax advance of the subject year is further set off against the actual tax of the following year.

Appendix C:
Double-taxation treaties

Double-taxation agreements in effect

Bilateral agreements on double taxation on are in force with the following countries:

Albania	Iceland	Russian Federation
Armenia	India	Serbia
Austria	Ireland	Slovakia
Azerbaijan	Italy	Slovenia
Belgium Bosnia Herzegovina	Israel	Spain
Bulgaria	Korea (R.O.K.)	South Africa
Canada	Kuwait	Sweden
China	Latvia	Switzerland
Croatia	Lithuania	Tunisia
Cyprus	Luxembourg	Turkey
Czech Republic	Malta Morocco	Ukraine
Denmark	Mexico	United Kingdom
Egypt	Moldova	United States
Estonia	The Netherlands	Uzbekistan
Finland	Norway	
France	Poland	Saudi Arabia
Germany	Portugal	United Arab Emirates
Georgia	Qatar	
Hungary	Romania	

Bilateral tax agreements with respect only to income from vessels and aircraft are in force with the following countries. It should be noted that provisions of such treaties have been effectively amended when a treaty on income tax has been concluded with the same country that also covers income from vessels and aircrafts.

Argentina (2)	Estonia (2)	Poland (1+2)
Albania (1)	Ethiopia (1+2)	Romania (1+2)
Australia (1)	Georgia (2)	Soviet Union (1+2)
Bulgaria (2)	Lebanon (1+2)	South Africa (1+2)
Canada (2)	Netherlands (1+2)	Syria (1+2)
China, (2)	Norway (1)	Yugoslavia (1+2)
Denmark (1+2)	Pakistan (1+2)	United States (1+2)

Notes:

1. Air-transport agreement
2. Shipping agreement

Social security totalization agreements

European Union countries

As of January 1, 1981, with the accession of Greece to the European Community (now the European Union), the existing bilateral social security agreements with other EU countries were replaced by EC Regulation 1408/1971. The provisions of this regulation also apply to the EU countries that have not signed a bilateral social security agreement with Greece.

Non-European countries:

Argentina	Libya	United States
Brazil	New Zealand	Uruguay
Canada	Quebec	Venezuela
Egypt	Syria	Australia

Appendix D:
Social security rates applicable to salary

IKA *Social security rates applicable to salary:

	Commercial and service enterprises	Manufacturing enterprises	Commercial and service enterprises	Manufacturing enterprises
Basic rates	**Up to June 30th 2014**	**Up to June 30th 2014**	**As of July 1st 2014**	**As of July 1st 2014**
Employee's contribution (Note 1)	16.50%	16.50%	15.50%	15.50%
Employer's contribution	27,46%	28,46%	24,56%	25,46%
Total	43,96%	44,96%	40,06%	41,06%
Heavy employment				
Employee's contribution	19.95%	19.95%	18.95%	18,95%
Employer's contribution	29,61%	30,61%	26.71%	27,71%
Total	49,56%	50,56%	45,66%	46,66%
Pension only				
Employee's contribution	13.95%	13.95%	12.95%	12.95%
Employer's contribution	22,36%	23,36%	20.01%	21.01%
Total	36,31%	37,31%	32.96%	33.96%
Pension and heavy employment				
Employee's contribution	17,40%	17,40%	16.40%	16.40%
Employer's contribution	24,51%	25,51%	22.16%	23.16%
Total	41,91%	42,91%	38.56%	39.56%

Notes

1. As of January 1st, 2013 the preceding provisions regarding the application of different social security rates depending on the year when a natural person entered for his first time into an EU social security system (before January 1st, 1993 or not) are abolished.

   Therefore the monthly income ceiling above which no such contributions are due is Euro 5 543,55.

   The rates remain the same i.e. 16,50% withholding on the level of the employee and 28,56 contribution on the level of the mandatory social security payments are deductible when determining the taxable income of an employee.

Appendix E:
List of non cooperative countries

1. Andora
2. Antigua & Barbuda
3. The Bahamas
4. Bahrain
5. Barbados
6. Brunei
7. The Cook Islands
8. Dominica
9. Grenada
10. Guatemala
11. Jersey
12. Lebanon
13. Liberia
14. Liechtenstein
15. Malaysia
16. Marshall Islands
17. Mauritius
18. Monaco
19. Nauru
20. Netherland Antilles
21. FYROM
22. Niue

23. Panama
24. Philippines
25. St. Lucia
26. St. Kitts and Nevis
27. St. Vincent and the Grenadines
28. Samoa
29. Seychelles
30. Singapore
31. US Virgin Islands
32. Vanuatu
33. Uruguay
34. Hong-Kong

Appendix F:
Contacts and offices

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