
International Assignment Services Taxation of International Assignees Country – Greece

Human Resources Services

International Assignment

Taxation Folio



Table of Contents

Introduction: International assignees working in Greece	3
Step 1 – Understanding basic principles	4
Step 2: Understanding the Greek tax system.....	8
Step 3: What to do before you arrive in Greece	13
Step 4: What to do when you arrive in Greece.....	16
Step 5: What to do at the end of the tax year	17
Step 6: What to do when you leave Greece	18
Step 7: Other issues of consideration	19
Appendix A: Income tax rates.....	21
Appendix B: Typical tax computation	23
Appendix C: Double Tax Treaties	25
Appendix D: Social security rates applicable to salary.....	27
Appendix E: Greece contacts and offices	28

Additional Country Folios can be located at the following website: www.pwc.com/ias/folios

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 September 2011.

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.

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Menu

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. Double-tax treaties for the avoidance of double taxation prevail over domestic law each time. As having full tax liability to Denmark;
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.

The tax year

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

Income tax rates

5. The individual income tax for a resident as well as for a nonresident is calculated at progressive rates that vary from 0% to 45%. The 45% rate is applicable to annual income in excess of 100.000 € (annual taxable income).

As of January 1, 2010 onwards there is a connection of the tax-free amount with the collection of various personal expenditure receipts representing actual expenses incurred in Greece. Effective January 1st, 2011, the minimum amount of such receipts depends on the reported income and in particular is set up to 25% of the taxable income and up to €60,000 (of income) i.e. maximum amount of receipts €15.000 per taxpayer. In case no or less receipts are demonstrated, a tax/penalty at the rate of 10% is imposed on the difference that is missing.

To be noted that EU tax residents earning more than 90% of their worldwide income in Greece are not required to demonstrating any receipts.

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

Residence

6. For tax purposes, residence is the place where an individual is habitually and permanently established. Tax Residence is acquired by physical presence in a place and by the intent of the individual to have this place as the center of his social, economic and/or professional activity.

Up to the new act (L. 3943/2011 voted on March 29th, 2011), the Greek Income Tax Code did not provide for any definition of the term “residence”. As per the said act, significant changes have been introduced concerning the determination of an individual’s tax residence. Indicatively, an individual whose physical presence in Greece exceeds the aggregate of 183 days within the same calendar year qualifies as a Greek tax resident.

7. When an individual qualifies as a resident of both Greece as well as of 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 apply to arbitrate and define the tax residency of the individual.

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

Taxation of resident individuals in Greece

8. An individual who is determined as resident is subject to taxation on his worldwide income. The taxable income is computed by aggregating the income of all schedules for the year of assessment, bearing in mind that Greek tax legislation provides for specific deductions of allowances either from the taxable income or from the amount of tax due. Income subject to special taxation with exhaustion of the tax liability (i.e. interest on bank deposits/State bonds, remuneration to the members of Greek Boards, bonus paid to credit institutions’ executives, etc.) is not included into the aggregate.
9. Individuals subject to Greek income tax are required to obtain a Greek tax identification number (AFM) and file an annual income tax return with the competent tax office.

The submission of the income tax return can be realized through the following ways:

- In person to the tax office;
- Via regular post mail;
- 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

10. Non residents are subject to income tax only on income derived from Greek sources or income related to Greek duties.

Nonresident employee’s wages, salaries and other remuneration received for dependent personal services rendered in Greece are taxed on a progressive scale between 5% and 45% (no tax free bracket is provided with the exception referred to below). Nonresident employees are taxed on the income earned for work performed within Greece irrespective of where the payment is made (i.e. in Greece or overseas). They are not taxed on their worldwide compensation to the extent it relates to services performed outside Greece (hence not related to their Greek duties). Nonresidents are not eligible for deductions from taxable income or from the amount of tax due provided for Greek tax residents.

Deductions from the amount of tax due and from the taxable income are allowed only in case of an EU tax resident earning at least 90% of his/her worldwide income in Greece. Such statement should be adequately justified by demonstrating a legalized and translated copy of the foreign tax return, to the Greek tax authorities.

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11. Nonresidents may be subject to several withholding taxes; however tax treaties may reduce or eliminate tax withholding for nonresidents and the treaty provisions should be analyzed accordingly, depending on the country of residence of the individual receiving Greek-sourced income.
 12. Legal spouses are obliged to file (with certain exceptions) a joint tax return; however the income of each spouse is taxed 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.

Effective FY2009, a provision in the Greek Income Tax Code (art. 63, para.4) allows for the option/possibility to submit this joint income tax return to the tax authority that the couple will choose (i.e. either to the husband's or to the wife's one). To be highlighted that if this option is selected by the married couple, the tax residence status of the tax payers will not be affected by this treatment. Based on the above provision, each decision that will be made regarding the selection of the tax office will be constraining and binding for the subsequent 5 years.

Income Tax due payments to the Greek tax authorities

13. Income Tax Payment Due Dates

The exact deadline of tax payments depends on the actual date / month when the official assessment is issued by the Greek tax authorities. 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 equal installments (no deduction provided). In particular, for tax assessment notifications issued by the tax authorities up to July 31 (of the year following the tax year in question) there is an alternative of three bimonthly equal instalments due on the last working day of August, October and December, respectively. For tax assessment notices issued by the tax authorities in August or in September (of the year following the tax year in question) there is an alternative payment of two bimonthly equal instalments due on the last working day of October and December, respectively. Tax assessment notices issued by the tax authorities from October 1 onwards, should be paid in one lump sum.

14. Income Tax Payment Alternatives

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

Visit to a Greek Tax Office

Tax payment for amounts up to €1.000 can be realized in cash to any Greek tax office either by the taxpayer himself or by a third person bearing the taxpayer's personal Greek tax registration number (AFM).

Tax payment for any amount can be realized as a lump-sum to any Greek tax office on the basis of a Greek bank's cheque issued towards the Greek State, provided that the tax payer or the third party who will proceed to the payment on the taxpayer's behalf, bears only a copy of the tax assessment notice for such a payment.

Visit to a Greek Bank

Tax payment can be realized in cash at one of the contracted Greek banks. This option presumes that the payer or a third person holds the original tax assessment notice.

Via e-Banking

Tax payment can be realized online provided that the taxpayer has an active web banking account in a Greek contracting bank.

15. Tax Refund Process

A tax refund can be collected by the beneficiary in three (3) 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 can be deposited automatically in the taxpayer's personal bank account in case the latter has included the IBAN into the submitted tax return. Occasionally, however the aforesaid deposit is not effected by the tax officer so either of the alternative first two (2) options should be followed.

In case of a tax refund exceeding €1 500 on the basis of e-filing, the tax refund amount is not automatically deposited to the tax payers' Greek bank account. Instead, the tax officer will request the taxpayer to provide him with the original supporting documentation of his tax return before releasing the tax refund to him, for verification purposes.

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Menu

Step 2: Understanding the Greek tax system

Categories of income

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

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

Income from real estate

17. 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.). Rental income earned by individuals is subject to a supplementary income tax of 1.5% or 3% depending on the size of the leased property (i.e. in excess of 300m²).

Securities / Dividends

18. Dividends distributed as of 1.1.2012 onwards and arising from domestic corporations operating under the legal form of Societe Anonyme, are taxed via corporate withholding procedure at the rate of 25%. Upon this taxation, the tax liability of the individual is not exhausted; as in case the beneficiary is a natural person whose total earnings fall below or higher of the 25% tax rate, the dividends are taxed based on the general provisions whereas any withheld tax is set off.

Dividends distributed (to Greek tax residents) by non domestic corporations operating under the legal form of Societe Anonyme as of 1st January 2012 are taxed at the flat rate of 25% with exhaustion of further tax liability.

Especially for foreign dividends distributed within the calendar year 2011, the flat tax rate is set to 21% with exhaustion of further tax liability.

Commercial activity

19. 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

20. 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 from salaries and wages

21. 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 and housing allowances, tuition for children, expatriate allowances, tax reimbursement, benefits-in-kind and house rentals paid by the employer 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).

Effective 2010 company cars provided to employees and executives with factory value exceeding € 15 000, are considered as taxable income which (income) is calculated based on a specific formula.

Income's taxation at source

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

- Interests on bank deposits / State bonds
Interests on deposits with Greek banks as well as interest from Greek bonds and treasury bills are subject to income tax at the flat rate of 10% and this tax is withheld at source with exhaustion of any further tax liability. Nonresidents are exempt from such tax on deposits in foreign currency.
- Capital gain from the transfer of an enterprise/company, from the participation percentages' in a society or joint venture, from the transfer of Partnerships (O.E., E.E.), Limited Liability Companies;
- Transfer of non- listed stock exchange Societe Anonyme (S.A.) shares.

The sale of non-listed stock exchange shares is subject to 5% tax imposed on the transfer value as either agreed by the parties or determined on the basis of a "minimum-value" formula provided by the law, whichever is higher. Such tax burdens the transferor, but the transferee is jointly and severally liable towards the tax authorities. This tax is due either in case of transfer of Greek shares regardless of the transferor's residency or in case of transfer of shares of a foreign company by a Greek tax resident. To be noted that in case there is a bilateral agreement (Double Tax Treaty) in force regarding the treatment of the 5% tax, then its provisions will apply.

- Transfer of listed shares
 - ✓ For the sale of listed shares that have been acquired up to December 31, 2011, the transfer levy was 0.15% if sold until March 31, 2011
 - ✓ For the sale of listed shares which are sold anytime in the future but howsoever from April 1, 2011 onwards the levy is increased to 2‰. (The 1.5‰ is abolished).
 - ✓ Such levy is paid either by the Greek Stock Exchange (on behalf of the beneficiary) or by the seller of the shares at the tax office he belongs to (in case said shares are listed in a foreign stock exchange). The timing of such payment of tax is within the first 15 days following the month that the transaction took place.
 - ✓ For shares that will be acquired as of January 1, 2012 onwards and are sold in the Greek or any recognized foreign stock exchange), whenever they sold (and irrespective of whether they were kept short or long term) , they are taxed along with the other income of the employee/individual on the basis of the progressive tax scale (marginal tax rate 45%). In this case the imposition of 2‰ levy is abolished.
- Board of Directors fees/remunerations that Limited Liability Companies pay to their members (flat tax rate of 35%).
- 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

Greek Real Estate Tax (FAP)

23. Real Estate Tax is imposed on the value of real estate owned by individuals, irrespective of their citizenship or residence, on the January 1 of each year based on the below table's progressive rates (0, 2% - 1%) with a tax free value of € .200.000 per owner. Such value is deemed to be the "objective" one and is determined based on several factors such as the age of the asset, the commercial value, the m2, location/prefecture, floor, etc. "Objective values" are subject to revision on a regular basis (usually every two or three years).

Exemption from the Real Estate Tax, applicable to individuals, is provided for the plots of land located outside the "city plan" as well as for buildings under construction within three years from the issuance of the initial building permit, unless these have been leased or in any other way used. The latter exemption is effective as of January 1, 2011 onwards.

Property value	Tax rate	Amount of tax	Total value	Total tax
200.000,00	0	0,00	200.000,00	0,00
300.000,00	0,2%	600,0	500.000,00	600,00
100.000,00	0,3%	300,0	600.000,00	900,00
100.000,00	0,6%	600,0	700.000,00	1.500,00
100.000,00	0,9%			
Exceeding	1%			

If the (objective) real estate value possessed by an individual on January 1st, 2010, 2011 and 2012 exceeds 5.000.000€ (each year), the tax rate that is imposed on the excess amount is 2%. Furthermore, a Registry for Real Estate, located in Greece, is established, aiming at the monitoring of any changes regarding each individual's ownership right (e.g. full or bare ownership, usufruct or right of residence on real estate, right of exclusive use of parking/auxiliary spaces and swimming pools located at a common space of the basement, roof or open space of construction site of the above properties) on the 1st January of every year.

Its update shall be transacted through the submitted Real Estate Declarations (E9) and its content is confidential, while it is kept and permanently maintained by the Ministry of Finance.

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

The tax reform of July 1st, 2011 (L. 3986/2011), has applied the imposition of "social contribution" for the calendar years 2010 - 2014 (fiscal years 2011 - 2015). Such contribution is imposed on the total net income of individuals either this is actual or deemed, taxable or tax exempt, as this arises based on their personal income tax returns that have been (and will be) submitted during the aforementioned fiscal years (i.e. 2011 - 2015).

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 will be 5%.

Special Contribution on Certain Assets/Deemed Income

Based on the same law and apart from the social solidarity contribution which is imposed to any schedule of income, the Greek MoF has introduced also the imposition of a special contribution on certain assets (for their use/occupation/ownership) such as swimming pool, vessels, yachts, as well as personal cars exceeding 1929cc. Such contribution refers to the fiscal year 2011 (i.e. calendar year 2010) only, at least as currently in force.

Such amount of contribution is considered to be the product of the deemed income which corresponds to each asset multiplied by a 5% fixed rate.

Professions and other types of income

24. 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.
25. 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

26. 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, mandatory by the law social security contributions (20%), donations to environmental funds and to the Account of Solidarity for the Repayment of Public Debt, medical expenses (up to 20%), life insurance premiums (up to 2.400 € per year for a family) and interest on mortgage loans (up to 20%) etc.

Nonresidents

27. Nonresidents are not eligible for deductions from taxable income or from tax due. However, deductions (from both the amount of tax due and taxable income) 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 deduction he will be more likely requested to demonstrate adequate proof (for the less than 90% reporting overseas) to the Greek tax authorities.

Tax computation

Taxable income

28. The net taxable income of individuals is computed by aggregating gross income from all sources (apart from the income which is 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 provided that the foreign tax has been paid to a country with which Greece has entered into a Double Tax Treaty and this specific tax is referred on the provisions of the subject Treaty. The amount of foreign tax deducted, however, cannot be higher than the amount of tax that would have been calculated in Greece if the foreign income was derived from Greek sources.

Taxable income based on deemed calculations

29. 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 expenses of real estate (primary or secondary) is modified, and is based on the square meters of the property, while the expenses of cars will mainly be calculated based on the car's engine capacity and age. In addition new categories of deemed income have been introduced such as actual expenditures occurred by the taxpayers concerning tuition fees, housekeeping staff (more than one), chauffeurs, teachers and other personnel.

Lastly on top of the above, an annual amount of deemed income is calculated at Euro 3.000 or Euro 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.

As of January 1st 2011 onwards, deemed income arising from the occupation/use of certain assets applies only to Greek tax residents (non Greek tax residents are exempted).

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Menu

Step 3: What to do before you arrive in Greece

General remarks

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

Immigration regime

31. 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

32. 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 longer than three months for working purposes should be registered with the police department of his/her residence.

In this respect, the EU nationals should file 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 (3) colored photos;
- A solemn declaration by the Greek employer who has hired the employee
- Proof for social security in Greece or A1 exemption document (or its application in case the A1 document is not available at that time).

To be noted that the requested documents might slightly vary between the different Police Departments and therefore an upfront communication is suggested before any action.

Non-EU nationals

33. Generally, non-EU citizens should have acquired a visa by the competent consulate of Greece before entering Greece (unless special rules/treaties apply).
34. According to Law 3386/2005 regarding the entrance and residence in Greece of citizens of third/non EU countries, certain documentation is required for the acquisition of a residence permit for working purposes, including the following:

- Copy of passport bearing a valid special entrance permit (i.e. visa for working purposes);
- Application, which is submitted personally by the applicant, to the competent municipality or community. Please note that **the competency of the municipality is determined by the place of residence of the applicant**. The competent authority for the examination of the applications is the Greek Ministry of Internal Affairs;
- Three (3) colored photos;
- A fee of 150 € (Please note that any amounts mentioned in the present folio are subject to regular adjustments);
- A ratified copy of the employment contract with the Greek company;
- A certificate issued by the competent security fund with which the employees will be registered (normally this should be the most common Greek Social Security Organization (namely “IKA”), but this also depends on the employee's specific professional category) attesting that an application has been submitted to the said fund for hospital, medical and pharmaceutical care, as well as for any labor accidents;
- A health certificate issued by a Greek public hospital, confirming that the employees are not affected by any contagious disease, which could be dangerous for the public health, according to the International Health Organization;
- A declaration stating the address of residence in Greece.

35. It is noted that the procedures required for the special visa and the residence permit for working purposes are complicated and time-consuming.

Working conditions

36. Legal minimum salaries and daily wages are set by the national general collective labour agreement. This agreement is usually signed every year or every two years, after negotiations between the employers' associations and the General Confederation of Labour (GSEE).

Minimum monthly salaries in € currency for salaried employees:

	Single	Married
1. Without prior experience		
As of July 1, 2011	€751,39	€826,54
2. With 3-year experience		
As of July 1, 2011	€813,99	€889,13
3. With 6-year experience		
As of July 1, 2011	€887,99	€963,13
4. With 9-year experience >		
As of July 1, 2011	€961,99	€1.037,13

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 reduced effective 2010.

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. If an employee works up to five additional hours per week (or eight additional hours per week if the six-day working system is adopted), the employer should pay the agreed hourly wage increased by 25%. Any further work of the employee exceeding said five additional hours (or eight hours in a six-day working system) is considered as overtime and is paid with the hourly wage increased by 50% or 75%.
38. Until the employee has completed twelve (12) months' service (first calendar year of employment) to an employer, he/ she is entitled (up to 31 December of the first calendar year) to a percentage of the annual leave in view of the number of working days within said year. The aforementioned proportion of annual leave is calculated on the basis of twenty (20) days for a five-day weekly system.

After the completion of twelve (12) 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 status 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 young persons and mothers, trade unions and strikes, etc.

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Menu

Step 4: What to do when you arrive in Greece

Taxpayer enrollment

42. Foreign workers in Greece (irrespective their tax residence) must obtain a tax registration number (AFM) from the Greek tax authorities.
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.

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Menu

Step 5: What to do at the end of the tax 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 dates for the submission of the Greek income tax returns are usually as follows; however the exact dates are announced by that time from the Greek Ministry of Finance:
 - Late March of each year following the tax year, general category of taxpayers;
 - Middle of April of each year for individuals who report taxable income from individual enterprises or freelancer activity and maintain full (double-entry) accounting books and records;
 - May 2nd for individuals (Greek and non Greek tax residents) who declare income from salaried services (salaries, wages and pensions) or income from participation in a company or society of civil law.

The submission is accomplished based on the last digit of the taxpayer's tax number (AFM), therefore it is completed in approximately one month following the submission start date.

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Menu

Step 6: What to do when you leave Greece

Reporting the 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) they should appoint before the Greek tax office applicable for Foreign Residents, a Greek tax resident as their representative (i.e. proxy) who will receive all their correspondence with the tax authorities, on their behalf.

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Menu

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.

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 (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.

Purchase / Selling of an apartment or house

54. Based on the new tax provisions, issued on April 2010, the Capital Gain Tax and the Transaction Duty imposed on the transferred properties, which had been originally acquired after 01-01-2006 is abolished. From now on, every transfer of real estate which is not subject to VAT is subject to Real Estate Transfer Tax.

This means that any purchase of an apartment or house in Greece (which construction permit was issued prior to January 1, 2006) is subject to latter tax. The current transfer tax rate is 8% for real estate property up to 20,000 € and 10% for any amount exceeding €20,000. The taxable value is the “objective value” of the property or the price set on the notary’s deed, whichever is higher. Said tax is paid by the acquirer.

In cases where the acquired property can be determined as acquirer’s primary residence, then specific rules apply regarding conditions for exemption from Real Estate Transfer Tax of the said acquisition (e.g. a maximum limit of amount is tax free for the above mentioned purchase, including the value of one parking space and a storage space). Furthermore, according to the new provisions of the Greek Income Tax Code, the beneficiaries’ circle is expanded including individuals who have concluded a cohabitation’s agreement signed at least two years prior to the acquisition and EU residents.

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Menu

Appendix A: Income tax rates

Personal income tax rates for the calendar year 2011 (FY 2012)

Income tax on every income (i.e. salaries/real estate, etc) (in €) for Greek tax residents

Income (€)	Tax Rate (%)	Income Tax (€)	Total Income (€)	Total Income Tax (€)
8.000,00	0	0,00	8.000,00	0,00
4.000,00	10	400,00	12.000,00	400,00
4.000,00	18	720,00	16.000,00	1.120,00
6.000,00	24	1.440,00	22.000,00	2.560,00
4.000,00	26	1.040,00	26.000,00	3.600,00
6.000,00	32	1.920,00	32.000,00	5.520,00
8.000,00	36	2.880,00	40.000,00	8.400,00
20.000,00	38	7.600,00	60.000,00	16.000,00
40.000,00	40	16.000,00	100.000,00	32.000,00
Above	45			

Notes

- As indicated above (see Step 1, par. 5) the tax-free bracket should be justified by actual expenses made by the taxpayer in Greece (such as clothing, nutrition, entertainment,, super-market, gym, etc) equal to 25% of the declared income and up to income of € 60.000 (i.e. the maximum total amount for each taxpayer of the actual receipts for expenses is € 15.000).
- bFor nonresidents who earn income from sources located in Greece, the tax computed on the basis of the above tax scale is increased by applying the 5% tax rate to the first bracket of income. However, EU tax residents who earn more than 90% of their worldwide income in Greece are also eligible for the tax-free bracket, without demonstrating any expenses.
- Nonresidents are not eligible for deductions from taxable income or from the amount of tax due. However, deductions (from both the amount of tax due and taxable income) are allowed for EU member states' residents, who earn at least 90% of their worldwide income from sources in Greece.
- dIncome from salaries, wages and pensions is subject to a withholding tax. This tax is calculated by the employer on the amount of monthly salary after being reduced by the employee's share of mandatory by the law social security contributions (if any) and in accordance with the deduction limits provided by the law (see § 27).
- e. Tax deductions

Income tax paid abroad is deductible from Greek tax provided that such foreign tax has been paid to a country with which Greece has entered into a Double Tax Treaty and this specific tax is referred on the provisions of the subject

Treaty. Said deduction however, cannot exceed the part of income tax that would be attributable should this income (i.e. overseas income) has been earned by Greek sources.

For a taxpayer who is burdened with children, the first tax-free bracket is increased by the following amounts:

One child	€ 2.000
Two children	€ 4.000
Three children	€ 12.500

This amount increases by €2.500 for each additional child after the third child.

To be noted that for young taxpayers up to the age of 30, pensioners above 60 years of age as well as for some other special categories of taxpayers (i.e. taxpayers with disability, etc) the tax free bracket is of Euro 12.000.

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Menu

Appendix B: Typical tax computation

Typical tax computation for calendar year 2011 (FY 2012)

Assumptions – married resident individual and one child (spouse and child have 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 300m ² / first time declared)	6,000	
Gross income		34000
Less – specific deductions:		
Rental deduction for depreciation @ 5%	(300)	
Net taxable income		33700
Tax calculation		
Income tax (as per the tax scale)	6132	
Less deduction for 1 child (2,000 x 10%)	(200)	
Income tax due		5932
Less deduction of 1,5% on salaried income tax due to at source withholding by the employer (4.040 *1,5%)		(60,60)
Corresponding income tax		5.871,40
Less actual medical expenses 1 000		200
Less life insurance premiums 1 000		200
Plus supplementary tax (6.000 *1,5%)		90
Total		5.561,40
Plus tax advance of 55% due to rental income		N/A ¹
Tax due		5.561,40

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.

According to the Greek Income Tax Code provisions, only 20% of 1 200 € (for single) and 2 400 (for married couple) is deductible from tax due concerning life and accident insurance premiums. Thus, 240 € (or 480 €) maximum are deducted from the tax due.

In addition, medical expenses (i.e. visits to doctors, hospitals/clinics, etc) are deducted from tax due at the rate of 20% on the expenditure.

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

Rental income earned by individuals is also subject to a supplementary tax of 1.5% or 3% (please refer to paragraph 17 for the supplementary tax on rental income). Rental Income: 6,000 € X 1.5% = 90 € additional tax (for residence less than 300m²).

NOTE: Nonresidents are not eligible for deductions from taxable income or tax due (please see Appendix A). Deductions from both the amount of tax due and taxable income 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. The 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.

Last Updated: September 2011

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Menu

Appendix C: Double Tax Treaties

Double-taxation agreements in effect

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

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

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

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Menu

Appendix D: Social security rates applicable to salary

IKA Social security rates applicable to salary

	Commercial and service enterprises	Manufacturing enterprises
Basic rates		
Employee's contribution (Note 1)	16.50%	16.50%
Employer's contribution	28.56%	29.56%
Total	45.06%	46.06%
Heavy employment		
Employee's contribution	19.95%	19.95%
Employer's contribution	30.71%	31.71%
Total	50.66%	51.66%
Pension only		
Employee's contribution	13.95%	13.95%
Employer's contribution	23.46%	24.96%
Total	37.41%	38.91%
Pension and heavy employment		
Employee's contribution	17.40%	17.40%
Employer's contribution	25.61%	26.61%
Total	43.01%	44.01%

Notes

1. Social security and subsidiary social security fund contributions are computed on total monthly earnings with a ceiling for 2011 of € 2 432,25 for those employees who are insured with any social security fund for the first time up 31 December, 1992 (old insured employees). As far as newly insured employees (i.e. those insured for the first time on 1 January, 1993 onwards) are concerned, the respective ceiling for the year 2009 is 5.543,55.
2. Returns with payments are due at the end of each following month.

Last Updated: September 2011

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Menu

Appendix E: Greece contacts and offices

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Menu

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