

February 2021

High-Net-Worth Individuals (HNWIs) and Pensioners tax regimes: Last call for the filing of the applications for 2021

An update on the HNWIs and Pensioners tax regimes, for which the deadline to file applications with the tax office for foreign tax residents for 2021 expires on March 31st, is provided in this page.

A comparative table enriched with the Employees and Freelancers special tax resident regime is depicted in the following page.

Investments for the HNWIs tax regime

Key points

- Purchase of Greek assets from close relatives is excluded from qualifying investments
- The investment should be retained throughout the total period of the tax resident status
- The retention of the investment should be substantiated on an annual basis
- A Certified Auditor Report is required in the annual reporting processes

Unresolved issues

- Do investments through non-Greek entities qualify?
- Is it possible to switch investment assets?

Favorable gift tax treatment for Pensioners

Based on a recently introduced general tax provision, gifts of movable foreign assets made by relocated residents are tax free for the first five years from their relocation.

Tax resident regime for Employees and Freelancers: guidelines still in the pipeline

Applications are currently filed with the tax office for foreign tax residents. Guidelines are expected to provide further clarifications on specific cases.

Residents under alternative tax regimes	HNWIs-Investors	Pensioners	Employees and Freelancers
Previous tax resident status	Non-Greek resident for seven (7) years out of the last eight (8) years	Non-Greek resident for five (5) years out of the last six (6) years in a country with an administrative cooperation agreement with Greece	Non-Greek resident for five (5) years out of the last six (6) years in a country with an administrative cooperation agreement with Greece
Extra conditions	Investment of EUR 500,000 within a 3-year timeframe	Entitlement to a pension from statutory social security schemes, occupational pension institutions or collective retirement plans	Employment relationship with a Greek company or branch / Registration as a freelancer with the local Tax Office before the 31 st of July
Income tax	<u>Greek source income:</u> Ordinary tax rates <u>Foreign source income:</u> Annual flat tax of EUR 100,000 plus EUR 20,000 for spouse and each child or parent	<u>Greek source income:</u> Ordinary tax rates <u>Foreign source income:</u> 7% flat tax rate	<u>Greek source income:</u> 50% of employment/ business income is tax-exempt <u>Foreign source income:</u> Ordinary taxation
Application of DTTs	No reference in the law	Expressively provided in the law	Yes
Tax incentives	No tax or reporting obligation on non-Greek income/assets No inheritance/gift tax on assets located outside Greece	The 7% tax exhausts the tax liability of the pensioner Gift tax exemption for the first 5 years	50% of Greek employment/ business income is tax-exempt
Duration and other restrictions	Applicable for 15 years with a revocation right No territorial restrictions inside Greece		Applicable for 7 years No territorial restrictions inside Greece
Application filing deadline	By March 31 st		By July 31 st
Tax payment timeline	<u>Flat tax:</u> By July 31 st in lump sum <u>Greek source income:</u> In lump sum or installments following the filing of the Greek income tax return	<u>7% tax on foreign income:</u> By July 31 st in lump sum <u>Greek source income:</u> In lump sum or installments following the filing of the Greek income tax return	In lump sum or installments following the filing of the Greek income tax return

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