



KARATZAS & PARTNERS

Tax Law Alert

Incentives to attract foreign tax residents

Introduction:

Chapter C of the recently enacted Law 4758/2020 adds to the incentives established by Laws 4646/2019 and 4714/2020 aimed at attracting individuals to become Greek tax residents, by providing for an additional special tax regime for individuals. This regime is aimed at both salaried and self-employed individuals.

Context of the new regime

The taxpayers who transfer their tax residence in Greece are exempted from income tax and the special solidarity levy for 50% of their income from employment or from business activity acquired in Greece within the tax year in which they applied for their inclusion in the regime. The maximum duration of the regime is 7 (consecutive) years.

Conditions need to be met

The conditions that taxpayers must meet are the following:

- (i) they must not have been Greek tax residents for at least five of the previous six years;
- (ii) their previous tax residence must have been in an EU or EEA country or a country, between which and Greece, there is an administrative cooperation agreement in the field of taxation in force;
- (iii) regarding employees, they must be employed in Greece by a Greek legal person or entity or a Greek permanent establishment of a foreign undertaking and the employment position must be a new one;
- (iv) they must declare that they will remain in Greece for at least two years.

Application filing

In order for the taxpayers to be included in this regime in a given year, they must apply no later than 31.07 of that year, and file certain supporting documentation, provided that they have commenced employment or established a business in Greece. Within 60 days of the submission of the application, the Greek Tax Administration approves or rejects it.

Employment services in Greece

Employment services in Greece, for the purposes of Greek Income Tax Code, include among others those provided:

- in the context of an employment contract, in accordance with labor law;
- as a manager or member of the board of directors of any legal person or legal entity and
- as a lawyer under salary for the provision of legal services.

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