Doing Business In Greece

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Preface

This booklet was prepared by Prooptiki SA in Greece for clients and potential foreign investors. General information is provided about doing business in Greece, especially in tax, legal, business and accounting practices as well as investment opportunities.

Companies or individuals doing business in Greece or planning to do so are advised to contact us to receive detailed professional information.

The information contained in this booklet is updated in August 2018. Although information included has been compiled with utmost care, no responsibility is taken for the contents of this booklet, while authors and editors decline any liability.

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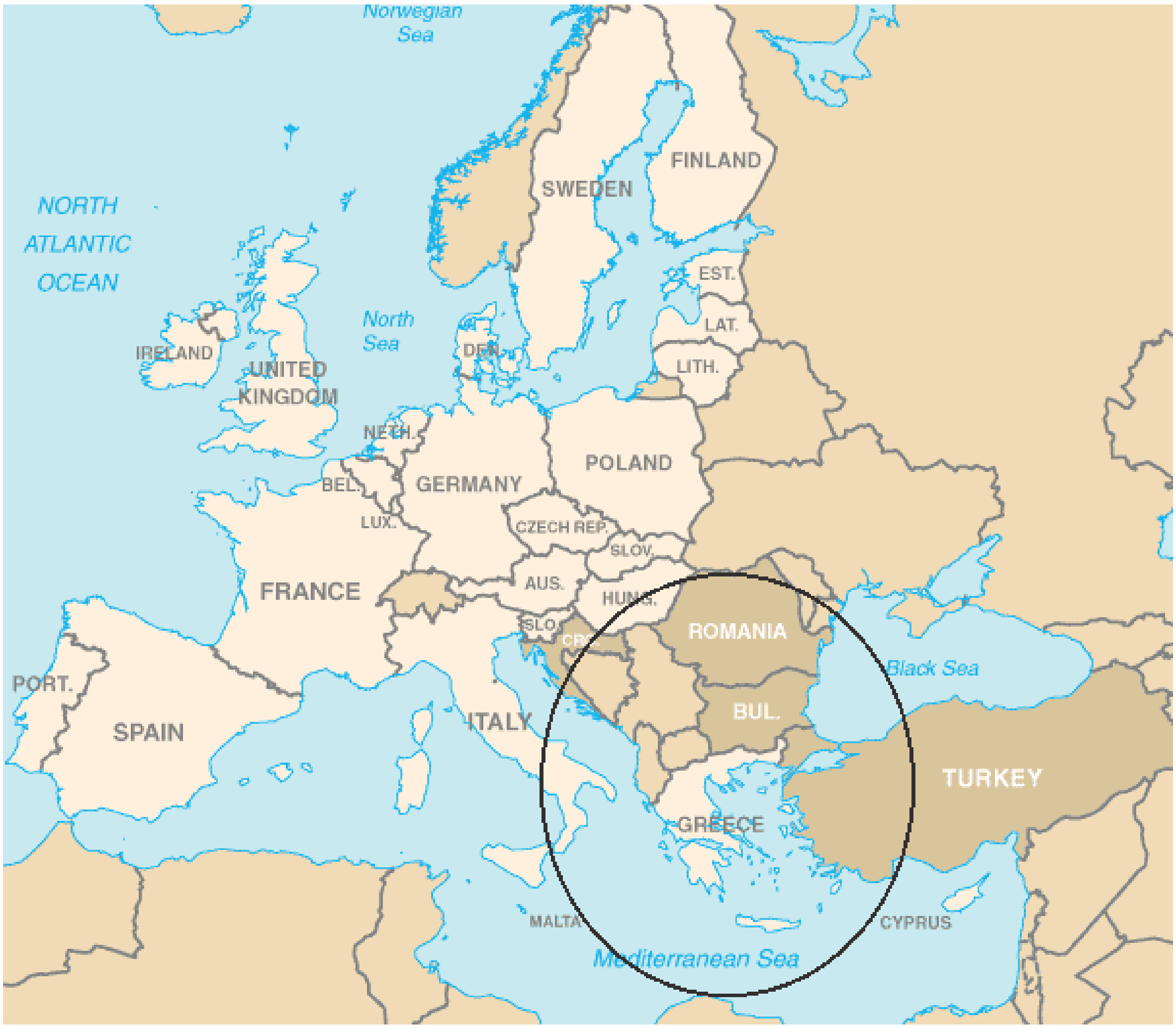
Abbreviations

A.E.	Societe Anonyme , Limited by Shares Company Type ("Anonimi Eteria" in Greek language)
ASE	Athens Stock Exchange
CEOs	Chief Executive Officers
EASE	Greek Union of Chief Executives Officers
E.E.	Limited Partnership Private Company Type ("Eterorythmi Eteria" in Greek language)
E.P.E.	Limited Liability Company Type ("Eteria Periorismenis Efthinis" in Greek language)
EU	European Union
EMU	European Monetary Union
GDP	Gross Development Product
E.F.K.A	Main Insurance fund in Greece
O.E.	Unlimited Partnership Private Company Type ("Omorithmi Eteria" in Greek language)
OECD	Organization for Economic Cooperation and Development
VAT	Value Added Tax
VAT number	Tax Identification / Registration Number in Greek Tax Authorities
VIES	VAT Information Exchange System
PCC	Private Capital Company

1 Greece General Information



Greece, your strategic link to the Balkans, Black Sea, Eastern Europe and Eastern Mediterranean Region.

1.1 GEOGRAPHICAL POSITION

Greece is located on the crossroads of three (3) continents; Europe, Asia, Africa and connects people, cultures and plays a main role in the transportation of goods between the different continents. Over 3,000 Greek islands are scattered about the Eastern Mediterranean, roughly 200 of them inhabited.

The capital of Greece is Athens. Athens, being the most powerful of the ancient Greek city-states, was the world's first democracy. Other big cities include Thessalonica, Patra, Volos, Larissa etc. The largest islands are Crete, Rhodes, Mytilini, Evia etc.

1.2 POPULATION

The population of Greece is around 11 million. Nearly 40% of the country's population resides in the capital, the country's largest city and most important commercial centre.

1.3 CURRENCY

Following its membership in European Monetary Union, Greece replaced the Greek Drachma (GRD) with Euro (EUR) since January 1st, 2002. The conversion rate was 1 EUR = 340.75 GRD

1.4 HISTORY & CULTURE

Greece has a long and eventful history. It was part of each of the great empires - the Roman, the Byzantine and the Ottoman - that ruled the region. Greece has strong historical ties with south-eastern and western Europe, Asia and Africa. At the crossroads of so many civilisations, Greece is gifted with a rich and fascinating cultural heritage. The country's turbulent history had remarkably little effect on the Greek language. Modern Greek is easily recognisable as the language of Plato.

1.5 ECONOMY

Greece is member of the EU, Euro-zone, OECD and WTO. The Greek economy is around 1.5% of EU GDP. Greece's primary economy sectors are agriculture, tourism and shipping. Other important sectors are maritime industry, mining, energy and ICT. Because of rising deficits and debts, in 2010 Greece were eventually shut out of International capital markets although the economy had shown strong growth during the period between 1990 and 2005. In the crisis period, Greece received financial assistance programmes, which have been linked to the implementation adjustment programmes.

The recession , which started in 2009, quickly led to lose over 25% of GDP and the unemployment to rise sharply after 2010 (27,9% in 2013 and 23,4% in 2016. Especially, the youth unemployment is around 45%.

1.6 INDUSTRY

Greek industry has traditionally focused on textiles, processed foods and cement. New industries are now emerging in technology and telecommunications.

Shipping continues to be a key industrial sector. The Greek merchant fleet is the largest in the world. In the 1960s and '70s, Greek ship owners invested heavily in oil refining and shipbuilding.

Tourism has been one of the mainstays of the Greek economy. Tourist arrivals tripled between the early 1970s and the late 1980s. Greek tourism is going strong, marking 27 million tourist arrivals in 2016– almost triple than the country's total population –and year 2017 seems to be another year to break 2016 record.

Greece's major industries are:
Tourism - Construction - Telecommunications - Energy Production - Shipping - Food Processing - Textiles - Chemicals - Tobacco Processing - Metal Products - Mining – Petroleum

1.7 FINANCE

Greece has embarked on a policy of privatising major public enterprises, including some leading banks. Many key companies, including the state telecommunications company (OTE) and the national airline, Olympic Airways, were privatised. Many public transports such regional airports (13) and main parts of the railway network were privatized too.

The two major business opportunities for investments and joint ventures in infrastructure, tourism, energy, and telecommunications are:

- A $50 billion plan for major Infrastructure Projects in the period
- The Economic Reconstruction of the Balkans

1.8 TRADE

Greece's main trading partners are other European Union members, primarily Germany and Italy. Greece's main exports are: Commodities - Manufactured Goods - Textiles - Food - Petroleum Products - Fuel - Minerals - Tobacco – Cotton – Maritime.

1.9 COMMUNICATIONS

The Greek road network has improved impressively. The Egnatia Odos (A2), Ionia Odos (A5), Athens-Thessaloniki Highway (A1) and Olympia Odos (A8) are the main highways in Greece and have revived historically important routes across Greece, boosting transport and communications. Greece's indented coastline and multitude of islands underline the importance of maritime communications, which are highly developed. As there are no navigable rivers and only one canal (the Corinth Canal), Greece has an extensive bus and ferry network. Railway construction began in the 1880s. The total railway track measures almost 1,600 miles (2560 kilometres). The Greek railway system is being thoroughly modernised with the aid of EU funding. The Metro network (64 stations already and 8 more under construction) offers an important relief with the congestion in the capital.

A domestic flight network links Athens with 25 domestic airports. Greece's main air terminals are "Eleftherios Venizelos" International Airport in Athens and Thessaloniki's "Macedonia" airport. Crete, Corfu, Rhodes, Cos, Lesbos, and Alexandroupolis also have international airports. The national carrier, Aegean Airlines, is a fast growing airline company among the best and most trustful airlines in Europe and Worldwide.

1.10 ACCESS TO MARKETS

Greece is Europe's strategic link to the sizeable, emerging markets of the Balkan, Black Sea, eastern European and eastern Mediterranean regions.

Greece's advantageous location provides access and opportunity to the neighbouring regional markets while Thessalonica, the capital of northern Greece, offers the financial and trading services needed in order to conduct business in the regional markets.

- An existing network of 4.156 Greek companies has initiated direct investment programmes or marketing agreements in the regional markets.
- Greek business people have the cultural understanding of the regions and the practical experience of doing business there.
- Greece is the oldest EU member country in the region and is also considered a point of political and economic stability in the area.

Thessaloniki Doorstep of the Balkans

Thessaloniki at the doorstep of the Balkans is the country's second largest city. It has become the **financial and trading centre** for the emerging markets of the entire Balkan peninsula and is the seat for the **Black Sea Trade and Development Bank**, (comprising 11 countries of the wider Balkan and Black Sea regions), the **Balkan Trade Centre** and the **Thessaloniki Stock Exchange Centre**, which has online connection with the ASE and is expected to develop into a source of capital for the wider region.

1.11 COMPETITIVE LABOUR

According to latest data from the National Statistical Service, the number of people in the Greek labour force is around 3.800.000 (August 2017), slightly increased (by 100.000) in contrast with August 2016. Although Greece has a relatively small labour force, there are certain quality factors which make the country competitive and more attractive in this field than most of its European counterparts.

The educational structure of the Greek labour force has improved impressively over the last years. **In the last decade, the number of students that entered the Greek and foreign universities was doubled. Approximately, 60,000 students apply every year for Greek universities and over 47,000 to universities abroad (mainly in the UK).**

According to EUROSTAT, Greek students represent the highest proportion of foreign students in the EU. Latest OECD data shows that almost 48% of the Greek labour force has a university degree from which 18% has participated and has completed successfully advanced research university programmes. Most Greeks with University degrees have studied abroad - either in North America or in Europe - and represent approximately 14% of the Greek population.

Greece combines a reasonable pool of high qualified employees and a good supply of unskilled workers and has one of the lowest labour costs in the European Union.

Representative gross monthly wage cost (including social security contributions) in Greece depending on the specialisation and the position within the company are as follows:

Minimum Payroll Cost Levels in Greece	
Workers (*daily payroll cost*)	EURO 28.55 - 32.74
Employees (*monthly payroll cost*)	EURO 638.99 - 732.95

2 Investment Incentives Law 4399/2016

On June 16th, 2016, Law 4399/2016 has been ratified by the Greek Parliament

Greece offers a wide range of generous and competitive investment incentives to the international business community. In this section, you will find all necessary information on the financial incentives that are available through the 4399/2016 Greek Investment Law and its modifications.

INVESTMENT LAW 4399/2016

The new law 4399/2016 provides incentives to enhance the economic and regional development of Greece. The incentives applying to productive investments, include:

- The state covers a part of the investment (subsidy – capital grant)
- The state covers part of the leasing instalments for the equipment of machinery only. Leasing period is for maximum seven (7) years.
- Tax exemptions
- Subsidy of cost for new seats of labour for the first two years, depending on the investment.
- All types of aid can be provided separately of combined.
- Fixed corporate income tax rate for a period of 12 years exclusively for projects of big sized entities

It has to be noted that the total financial aid by the state for a project cannot exceed the amount of 5 million Euro.

Law 4399/2016 defines the productive investments that qualify for these incentives and the categories of the plans. The most of the enterprises may benefit from the law, including manufacturing, handcraft, farming and hotel operations etc. Moreover, according to the law, enterprises are divided with the minimum budget of project values as follows:

- Social enterprises the minimum budget is 50.000€
- Very small Enterprises: the minimum budget is 100.000€
- Small Enterprises: the minimum budget is 150.000€
- Medium Enterprises: the minimum budget is 250.000€.
- Large Enterprises: the minimum budget is 500.000€

The minimum investment amount is 50K and the maximum is 500K.

- Very small enterprise: 100.000 €
- Small enterprise: 150.000 €
- Middle enterprise: 250.000 €
- Big enterprise: 500.000 €

Terms and Conditions

- Participation by the investor must be at 25% minimum
- Approval is given within two months from application

- 50% of cash grant is released upon completion of 50% of the project or advance payment with a bank guarantee and the remaining 50% is released upon full completion of the project
- Cash grants for wages are released every six months, following an application submitted by the investor

According to the category of the investment and the geographical zone, subsidies are available except for zone A and for the first and second category. The size of subsidy depends on the geographical zone and category of the investment. The minimum % of Subsidy, tax relief and leasing is 10% and the maximum is 55% for subsidy of the part of investment. 55%

INVESTMENT ZONES

Investment incentives are applicable to primary, secondary, and tertiary sectors and cover a wide variety of business activities. For the purpose of promoting investment in outlying and less developed regions of Greece, the country is divided into three zones, A, B, and C, with A being the most industrialised areas of Greece, including the prefectures of Attica and Thessaloniki, and zone C being the most remote and less developed.

3 Structure of Business Entities

3.1 WHAT IS A PRIVATE COMPANY?

A Private Company is owned by a single proprietor. The procedure for its foundation is simple. The proprietor is liable for the company's obligations.

3.2 WHAT IS UNLIMITED PARTNERSHIP (O.E.) ?

- It is a personal commercial company regulated by the provisions of the Commercial and Civil Code.
- There is a need for a minimum capital.
- Its members have the power to represent and administrate the company.
- For its incorporation, a contract between at least two persons is needed.
- The company's name is formed with the names of its members.
- Its members are liable without any limitation and in full for the company's obligation.
- The rule of personal management and representation applies
- Its members have commercial capacity
- Its members become bankrupt when the company does.

ADVANTAGES

- O.E. is preferred by those who desire to perform small scale commercial activities, since there is no need to contribute a large amount of money.
- It is not subject to any state supervision and its operation is free from such expenses.
- It provides its members with the right to interfere actively in the company's management.
- The procedure for its incorporation as well as its operation is simple.

DISADVANTAGE

- The main disadvantage is a member's failure to provide proper administrative services which endangers not only the contributions but also the personal properties of all others.

3.3 WHAT IS A LIMITED PARTNERSHIP (E.E.)?

Most of an E.E.'s main characteristics are the same with O.E.'s except:

- One or more members are with unlimited liability (omorrythma) and one or more members with limited liability.
- The members with unlimited liability are liable without any limitation and in full for the company's obligations while the limited liability members are fully liable but only up to the amount of their contribution.
- The members with limited liability enjoy all the rights of the members with unlimited liability (except for the right to manage and represent the company).
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3.4 WHAT IS A LIMITED BY SHARES COMPANY (S.A.)?

An S.A. (Societe Anonyme, A.E. in Greek) is a commercial corporation, governed by the provisions of new Law No 4548/2018. The new Law 4548/2018 will come into force on 1st of January 2019. The previous Law 2190/20 will be in use until 31 December 2018. Valuation of contributions in kind is with new Law realized by audit companies or by independent certified audits or accountants or by certified appraisers.

- Minimum share capital 25.000.00 €
- At least one founder (legal entities or natural persons). Founders may be foreign citizens or legal entities
- The capital divided into bearer registered shares, only named shares

The nominal value of shares is minimum 0,04€ and maximum 100€. From January 1st 2019, all the shares will be "named".

Its institutions are:

- The board of directors
- The General Meeting of Shareholders
- The Auditors

For the formation of an S.A. the following are needed:

- A notarial deed or private contract by GEMI (General Commercial Registry)
- An approval of its Articles of Incorporation by the Department of Commerce/ Prefecture

THE STEPS FOR THE ESTABLISHMENT

An SA may be formed by one, two or more natural persons or legal entities. The structure and operation of the SA is ruled by the Articles of Association (Statute) which must be executed before a notary public, constitutes a registered public document and must state the following:

- Founders/shareholders: full name, profession, domicile and nationality, VAT number and National ID/Passport.
- Company Name and purposes
- The registered office/address: must be established within the area of a Greek municipality or community.
- The equity capital: specify the amount and the method of capital payment
- The duration of the company: The Company is formed for a fixed period, as stipulated in the statute or there the possibility of unidentified duration

OPERATIONAL STRUCTURE

The General Meeting of the Shareholders is the supreme governing body of a Limited by Shares Company having the right to decide on all matters concerning the company. The board of directors has the executive powers of the company.

Shareholders' General Meeting

The General Meeting of the shareholders must be held until the 10th day of the 9th month after the end of the fiscal year. Extraordinary General Meetings may be held at any time. General Meetings are held at the at any place if there is not any restriction by the Articles of Incorporation.

The General Meeting has the sole authority to decide on:

- Amendments to the statutes, including capital increases or reductions.
- Election of directors and statutory auditors.
- Approval of the company's Balance Sheet, etc Year End Accounts.
- Appropriation of annual results and director's fees.
- Issuance of bonds
- Mergers, extension of duration, or dissolution / liquidation of the company.
- Appointment of liquidators

Board of Directors

The management of a Limited by Shares Company (S.A) is the responsibility of the board of directors. The directors are elected by the General Meeting of the Shareholders. A director needs not to be a shareholder. The statutes may delegate certain authority to one or more directors or executive directors of the company.

3.5 WHAT IS A LIMITED LIABILITY COMPANY (EPE) ?

A Limited Liability Company (LLC) called in Greek Law "Etairia Periorismenis Efthinis (E.P.E.), or MEPE if it is a singe party Limited Liability company", is a commercial company governed by the Law 3190/55 with no minimum amount of share capital.

Its institutions are:

- The General Meeting of the partner(s)
- The Administrator(s)
- The Auditors

For its formation it is needed:

- Notarial Deed or private document "Template Articles of Association"

An LLC has the features of a partnership and a corporation. It constitutes a convenient form of organization for both small and medium-size enterprises. The liability of the participants is limited to the amount of their contribution.

THE STEPS FOR THE ESTABLISHMENT

An EPE may be formed by one, two or more natural persons or legal entities, however a natural person or legal entity, may not be a single-partner of more than one EPE. The structure and operation of the EPE is ruled by the Articles of Association (Statute) which must be executed before a notary public, constitutes a registered public document and must state the following:

- Founders/shareholders: full name, profession, domicile and nationality, VAT number and National ID/Passport.
- Company Name and purposes
- The registered office/address: must be established within the area of a Greek municipality or community.
- The equity capital: specify the amount and the method of capital payment
- The duration of the company: The Company is formed for a fixed period, as stipulated in the statute.

REGISTRATION AND PUBLICATION PROCEDURES

- After the signing of the notary deed or the private contract containing the Articles of Association, the company is registered in General Commercial Registry (GEMI) and a checking for the availability of company's name is being performed.
- The public notary registers the company in General Commercial Registry (GEMI) and acquires company's VAT number (TIN).

OPERATIONAL STRUCTURE

A Limited Liability Company operates on the basis of the Partners Meeting and the Administrator.

3.6 WHAT IS A PRIVATE CAPITAL COMPANY – PCC (I.K.E.)

A new corporate form, the Private Capital Company (PCC) was established by Law 4072/2012 (in Greek " Idiotiki Kefaliouchiki Etairia) and it is simpler and more flexible corporate formation.

The main characteristics of this new form, Private Company, are:

- It is a capital company with a legal personality
- It has a commercial nature, even if it was not established for commercial purposes
- It can be formed with a private document
- The minimum company capital required by law to establish a PCC is €1
- At least on partner must participate by acquiring at least one share equal to a capital contribution of at least 1€
- The company's contributions may be:
  - In capital (cash)
  - Non-capital

  - Guarantee contributions
- Partners are liable up to the amount of capital invested. The company itself and not the partners shall be liable with its assets. The only exception is the partner who participates with a guarantee contribution, who shall assume liability for any company debts towards third parties, if so required by those parties, up to the amount of his or her contribution. The duration can be extended if the majority of the members decide to.
- The company shall be established and amended by virtue of a private document which shall be submitted for examination by the authorities of GEMI (i.e. no notarial deed is required)
- The Law provides that the articles of incorporation may be drafted in any official language of E.U.
- The name may be in foreign language. The brand name must contain in any case the words " Private Capital Company"
- The company is represented by one or more natural persons as partners or not. If one of the partners is a legal entity, it shall designate on behalf of the individual who will be an administrator
- It is not an obligation for the real seat of the PCC to be in Greece.

3.7 WHAT IS A BRANCH OF A FOREIGN COMPANY

Main characteristics

- It is a Branch of a foreign company with permanent presentation in Greece.
- It does not have its own legal personality, but its activity is performed in the name of the foreign company which, as a legal entity, is governed by the laws of the country where it has its registered office.
- The Branch can carry out any act envisaged at the Articles of Incorporation of the foreign company, except in case there is a respective limitation at the Power of Attorney for the appointment of the legal representative in Greece.
- For its incorporation it is needed: an approval from the Minister of Commerce (i.e. from the Prefecture of the branch's registered office), a registration in the "Registar of companies limited by shares" and publication formalities.

Which are the main obligations of the Branches of the foreign companies during their operation in Greece?

To notify to the respective Prefecture:

- For every modification of the data which have been submitted at the competent authority for the establishment (Change of the foreign company's registered office etc).
- A copy of the annual balance sheet of the foreign company.
- A record for its operations in Greece during the financial year of the respective balance sheet (this record as well as the balance sheet should be submitted within a period of 3 months from the General Meeting of the foreign company.

THE STEPS FOR THE ESTABLISHMENT

- **1st step:** Collection of the documents which have to be original, apostiled by the appropriate authorities of the country of origin. Moreover they have to be officialy translated in the Greek language.

1. Articles of Association of the foreign company and certified by the component supervised authority (of the legal address of the company).
2. Decision of the foreign company's Board of Directors to establish the branch in Greece stating the purpose of the branch office, the address and the name of the branch office in Greece.
3. Certificate of the component supervised authority (of the legal address of the company), that the company has not been dissolved and the company's operating license was not has not been revoked.
4. Certificate of the component supervised authority (of the legal address of the company) regarding the address of the company's headquarters and the legal representatives of the company.
5. Verification by the component supervised authority (of the legal address of the company) regarding the amount of company's paid up capital.[Capitalization Certificate]
6. Notary deed or consular instrument of appointing the legal representative, attorney and process agent of the company's branch in Greece, who could be the same person.

Note: *the legal representative, attorney and process agent, who will be defined, will be a Greek tax resident with Greek tax registration number and must submit:*

- *A copy of identity/passport (EU citizen)*
- *A copy of his/her residence permit for independent business operation or residence permit as administrator of a Limited company and as legal representative of member of Board of Directors of an SA (not EU citizen)*

All documents must be in three (3) copies officially translated in Greek language and with apostille. Electronic version in CD has to be submitted at GEMI office with all the documents.

- **2nd step:** Submission of the required documentation to General Commercial Registry (GEMI) for the company's name approval and the establishment of the company. Duration: approximately one (1) month.

- **3rd step:** after the decision of GEMI registry, registration at tax authorities and at Social Security Fund.

Fiscal Year Issues

- The establishment of a Branch in Greece of a foreign S.A is deemed to be a permanent establishment' in Greece. For this reason all the income of the Branch is subject to taxation and it balance sheet of the foreign company.
- Its profits are taxed as the profits of local SA entity
- There is no need for a distribution of profits since it has integrated accounts with the foreign SA entity
- It is subject to V.A.T

3.8 WHAT IS A OFFICE UNDER THE PROVISIONS OF LAW 89/67 AS REVISED BY LAW 3427/2005

The Law 3427/2005 (L 89/67) framework provides certain incentives to non-Greek companies, which are interested to incorporate by a branch office or a subsidiary company.

The companies incorporated under the Law 3427/2005 (Law 89/67) have to fulfill the following prerequisites:

a) Services
   - Companies providing only services to other entities of the same group of companies (Greek or Foreign).
   - The kind of services provided:
     - Consulting services
     - Centralization of accounting services
     - Quality control
     - Preparation of studies
     - Research and development services etc.

b) The company has to employ at least four (4) persons
c) Annual operating expenses must be at least 100.000€
d) A special license is required by the Ministry of Economy
e) The income is compulsory collected through bank remittances from the Group entities according to the relevant services (invoices)

Taxation

- Foreign employees of a company are subject to taxation in Greece, only on their acquiring income in Greece.
- Income tax 29% and from 2019 and onwards 26%
- The profit of the company is reached via cost plus method. Total expenses + Depreciations x mark up (profit %).

Note: The profit % cannot be less than 5%

The profit percentage is determined by criteria by the Minister of Economy according to the nature of services and Transfer Pricing guidelines (OECD).

4 Labor Regulations

4.1 WAGE REGULATIONS

Minimum wages are set according to a national collective labour agreement negotiated between the Greek General Confederation of Labour (GSEE) and the private sector associations; the Federation of Greek Industries (SEB), the National Confederation of Greek Traders' Associations (EESE), the General Confederation of Professionals, Craftsmen and Tradesmen (GSEBEE) and the Greek Tourism Confederation (SETE). However, federations of workers that are organised by trade (such as electricians) or by sector of economic activity (banking, retail trade and branches of manufacturing such as textiles) can negotiate collective agreements that provide pay increments based on seniority, educational skills and family status (e.g. marital status, number of dependants and any special responsibilities). Labour law in Greece complies with EU Employer Directive 75/117 on equal pay.

Fringe benefits are extensive, and mandatory benefits add 50% or more to labour costs. Mandatory bonuses include one month's salary or 25 days' wages at year-end, plus half a month's salary or 13 days' wages, both at Easter and during the summer vacation period. At the managerial level the value of benefits and bonuses can almost equal pay, with packages including insurance, cars and cash.

Minimum Salary Levels in Greece	
Workers (*daily rate)*	EURO 22.83 – 26.18
Employees (*monthly rate*)	EURO 510.95 – 586.08

4.2 WORKING HOURS

The five-day week and the eight-hour day prevail. However, there is no law preventing private sector from entering into private arrangements with the workforce on reducing working hours.

4.3 VACATIONS

The legal vacation requirement is 20 days at the onset of employment for those employees who work a 5-day week, rising to 22 days for three years or more. The legal vacation entitlement for those employees who work 10 years at the same employer or have completed 12 years of employment at any employer is 25 days. For those employees who work a 6-day week, the annual legal vacation for the first year of employment is 24 working days.

In addition there are seven customary and five legal holidays. In practice, however, vacation leave is usually longer

Customary and Legal Holidays in Greece	
1st January New Year's Day	Whit Monday
6th January Epiphany	1st May Labour Day
First Day of Lent	15th August The Assumption of Virgin Mary

25th March Independence Day	28th October National Day
Good Friday	25th December Christmas Day
Easter Monday	26th December Boxing Day

4.4 OVERTIME

"Overtime" is the working time over the maximum daily or weekly working hours established by law.

The Ministry of Labour sets maximum overtime limits for each half of calendar year. Due to the government's policy to reduce the unemployment rate and encourage the creation of new jobs, higher overtime premiums apply where prior permission for overtime work is not obtained from the Ministry of Labour.

Overwork is limited to one hour per day with premium 20%. Overtime work, which commands a premium, is limited to three hours per day with a cumulative limit of 120 hours per year. The overtime premium is 40% to the hourly rated wage. Overtime employment licenses exceeding annual maximum are occasionally granted; for these, the premium is 60%. In general, the government discourages overtime in order to boost employment. An increment of 75% of hourly wage is payable for work on Sundays and official holidays. The employee is also entitled to a day off (or a day's wages) in lieu of the holiday. For night-shifts (defined as 10pm-6am), there is a 25% premium, with an additional bonus of 10-35% for hazardous jobs. An increment of 30% of hourly wage is payable for work on Saturdays (as 6th day of work).

4.5 SOCIAL SECURITY SYSTEM

Greece makes effort, so as to have a uniform Social Security System (EFKA). Still there are separate funds but the number is really limited from 2016. All funds are under the direction of the Ministry of Labour & Social Services. Companies must insure all of their staff through the Social Security Fund (EFKA), which provides sickness and pension benefits. Reforms in the pension system enacted with Law 4387/2016, made the pension age 67 for both sexes, with contributions constituting 25.06 % for the employer, 16.00 % for the salaried employee and 26,95 % for individuals. Special additional contributions apply to workers in hazardous employment (e.g. miners, linemen and deep-sea divers).

5 Taxation

5.1 PRINCIPAL TAXES IN GREECE

The principal taxes in Greece are the following:

- Income Taxes for individuals & Corporate Income Tax
- Real Estate Taxes (Tax on Property Ownership)
- Value Added Tax (VAT) & Stamp Duty
- Tax on transfer of Property, Shares, Bonds & Derivatives
- Inheritance and Donations Tax

The tax framework is applicable, effective from 1 January 2014 (Law 4172/2013 as amended).

In Greece tax is imposed on the following sources of income:

- Income from Employment & Pension
- Income from Business Activities
- Income from Capital (Dividends, Interest, Royalties and Real Estate)
- Income from transfer of Property, Shares, Bonds & Derivatives

5.2 INCOME TAX ON EMPLOYMENT & PENSION

The taxation of income on employment & pension is regulated by Law 4172/2013 (codified up-to-date) and applies to individuals, who are eligible for taxation in Greece (either Greek or foreign tax residents) and are taxed according to the following progressive tax scale:

Annual Income	Tax Rate
Up to 20.000€	22%
From 20.001€ - 30.000€	29%
From 30.001€ - 40.000€	37%
Above 40.000€	45%

5.3 INCOME FROM CAPITAL (DIVIDENDS, INTEREST, ROYALTIES AND REAL ESTATE)

Income from capital includes income obtained by an individual during a tax year in cash or in kind, in the form of dividends, interest, royalties, and income from immovable property (rental, own use or other allotment).

Income from capital is taxed with the following tax rates:

Nature of Income	Tax Rate
Dividends	15%
Interest	15%
Royalties	20%
Capital gain	15%

The tax rates applicable to Income from immovable property:

Annual Income	Tax Rate
Up to 12.000,00€	15%
From 12.001,00€ - 35.000,00€	35%
Above 35.000,00€	45%

5.4 INCOME ON GOODWILL FROM TRANSFER OF CAPITAL

Any goodwill arising on the transfer of capital from January 1, 2014 onwards (including property and intangibles assets such as shares in listed companies, participation shares in legal entities, state bonds, derivatives etc) is taxed at a rate of 15%.
For the real estate transfer from 1st of January 2018, there will be a 15% tax rate for capital gain. (suspended for one year)

5.5 SPECIAL SOLIDARITY CONTRIBUTION (S.S.C)

The S.S.C is applied on all taxable income (i.e. interest, dividends, earned income, investment income etc.)

Income in Euro	Special Solidarity Contribution
0 – 12.000	0%
12.001 – 20.000	2.2%
20.001 – 30.000	5%
30.001 – 40.000	6,5%
40.001 – 65.000	7,5%
65.001 – 220.000	9%
>220.000	10%

Any increase in property derived from unlawful or unreasonable or unknown source or cause is considered by tax authorities as profit from business activity and is taxed from January 1st, 2014 at a rate of 33% (only for individuals) under the conditions provided in the Code of Tax Procedures.

5.6 INCOME FROM BUSINESS ACTIVITIES

Corporate tax is imposed on a company's total annual profit. Capital gains derived by companies are taxed as ordinary business profits.

Under the Income Tax Code (ITC) business profits acquired by entities (SA, Ltd, Partnerships, Joint Ventures etc.) are subject to Corporate Income Tax (CIT) at the rate of 29%. From 1/1/2019, the CIT rate will change to 26%.

Legal entities subject to corporate tax are required to pay an amount equal to 100% of the current year's income tax as an advance against the following year's tax liability.

The Income Tax owed by legal entities is paid in maximum six (6) instalments, the first being paid until the end of the next month of the income tax return submission. Generally, the payment of instalments cannot override the next fiscal of the FY that the income tax refers to.

Deductible (Tax Exempt) business expenses

In principle, all business expenses are deductible to the extent that they fulfill the criteria set by law.

According to Law 4172/2013, article 22, the deduction of an expense is allowed only if:

a. The expense is made for the benefit of the entity or during its ordinary trade activity.
b. The expense corresponds and relates to the actual transaction and the value of the transaction does not appear lower or above the market price.
c. The expense is recorded in the accounting books in the period in which it occurs and is substantiated by adequate supporting documents.

Real Estate Acquisition

Legal Entities:

The acquisition costs may be deducted from the income (with the annual depreciation method or the loan amortization method). The financing interest and the acquisition expenses (notary public, legal costs, land registry, etc.) may be deducted as well.

Expenses, including interest, are not tax deductible (except the taxpayer proves that expenses are actually made and they are not resulting from transferring profits or income or capital with the purpose of tax evasion) from income when they are payable by a Greek entity to an individual or legal entity being a resident or having its registered seat or being established in a "non-cooperative" country or in a country with preferential tax regime, unless the Greek entity can prove that the expenses concern real company's expenditures.

According to Greek legislation, countries are divided as below:

"Cooperative" countries:
Countries that have signed a double tax treaty with Greece; Countries that have signed an Administrative Mutual Assistance Agreement with Greece and twelve other countries

"Non-cooperative" countries:
Countries that have not concluded an Administrative Mutual Assistance Agreement with Greece.

Countries with preferential tax regime:
Countries in which the tax rate is equal to or less than 50 % of the Greek income tax rate (i.e. equal to or less than 14.5 %) are determined to be preferential tax regimes.

Tax depreciation/amortization

Depreciation / Amortization of assets is being performed by: a) the owner of the asset or b) the lessee according to IFRS.

Depreciation is calculated for Fixed Assets owned based on the data of the Fixed Assets Register.

Further, the Income Tax Law provides that there is the right to calculate depreciation in case of a finance lease of property if the following conditions are met:

- the ownership of the asset passes to the lessee at the end of the lease term,
- the lease agreement contains advantageous terms for the acquisition of the property at a price below market value,
- the period of the lease is at least 90 % of the economic life of the asset even if the ownership title is not transferred at the end of the lease,
- at the end of the lease agreement, the present value of the lease is at least 90 % of the market value of the leased asset,
- the leased assets are of such a specialized nature that only the lessee is entitled to use them without making significant changes.

Depreciation is calculated on the acquisition or construction value including any improvements, re-evaluations and environment rehabilitation costs.

Depreciation is not applicable on land, fields, etc.

Depreciation is compulsory and shall be performed annually. The method of depreciation is in principle a straight-line method. The chosen rate must be applied consistently.

For property the following table applies regarding depreciation rates:

Asset Category	Depreciation Rate (per year)
Buildings , structures, facilities, industrial and special facilities not characterized as buildings, depots and stations, including their outbuildings (and special vehicles dump)	4
Land to be used for mining and quarrying, unless used for mining support service activities	5

Depreciation calculation shall begin in the month following the month in which the property was acquired or used for the first time.

New legal entities are given the possibility not to calculate depreciation for the first three years of operation.

Losses

In Greece, tax losses may be carried forward to be offset against future profits for five consecutive years. Carry back of losses is not permitted.

Exception: The tax losses from shares sale are carried forward to be offset only against future profits from shares sale.

5.7 VALUE ADDED TAX (VAT)

The Value Added Tax (VAT) is regulated by Law 2859/2000**.**

The subject of the VAT is:
- The supply of goods and services by subjects to VAT (entities or individuals), provided that such activities are performed in Greece and that subjects should be acting for their business activity.
- The import of goods into the country.
- The intra-Community acquisition of goods for value in Greece by a taxable person or by a non-taxable legal person, when the seller is a taxable person established in another Member State.
- The intra-Community acquisition of goods which are subject to a special consumption tax, by a taxable person or by a non-taxable legal person, subject to the certain prerequisites (as defined in VAT Law (Law 2859/2000 paragraph 2 Article 11a).

VAT is imposed on all Legal Entities, both Greek and foreign, which are independently engaged in economic activities.
Exports to residents of non-EU countries are exempted from Greek VAT.

The VAT rates effective as of June 2016 in Greece are summarized in the table below:

DESCRIPTION	RATE
Standard rate (applies in all goods & services expect if stated otherwise below)	24%
Newspapers, magazines, books, and theatre tickets	6%
Goods considered staples e.g. fresh produce, pharmaceuticals, transport, electricity and various professional activities (such as services furnished by hotels, restaurants, writers, artists, etc)	13%

V.A.T. also applies on Real Estate business for the new buildings.

5.8 STAMP DUTY

Stamp duty is imposed on loans/cash withdrawals as follows:

(a) For loans between Legal Entities stamp duty of 2,4% is imposed
(b) For loans between Legal Entities and third parties stamp duty of 3,6% is imposed
(c) For loans between SA's or Ltd's and third parties stamp duty of 2,4% is imposed and
(d) For Deposits or withdrawals of partners or shareholders in companies stamp duty of 1,2% is imposed on higher credit or debit balance per year.
(e) For all business stamp duty of 3,6% is imposed on the rental for their premises.

5.9 BUSINESS TAX

All entities are entitled for Business tax at the end of each fiscal year. The amount is set between 800€ - 1000€ for all business entities. Extra 600€ per local Greek Branch of entities

5.10 CAPITAL CONCENTRATION TAX

Limited Shares Companies, Limited Liability Companies and Private Capital Companies are subject to a capital concentration tax of 1% on share capital increases

5.11 REAL ESTATE TAXES (TAX ON PROPERTY OWNERSHIP)

Transfer Tax

A real estate transfer tax is payable in Greece on the sale of real estate which isnot subject to VAT.

At the sale of property, a real estate transfer tax at a rate of 3 % is paid by the buyer on the property's "objective value" or contract value in case the latter is greater than the "objective value".

"Objective value" is the deemed value determined according to a formula set by the tax authorities. The "objective value" takes into consideration the different price zones of property in different areas/regions in Greece, the age of the property etc. The "objective value" does not coincide with the book or market value.

The purchase of the "first-home residence", for residential purposes in Greece, is exempted from the real estate transfer tax. The above exemption applies to purchases of a residence up to a value of EUR 200,000 by an unmarried person and up to a value of EUR 250,000 for a married person. The amount increases by EUR 25,000 for each of the first two children and by EUR 30,000 for each subsequent child. The above exemption is granted to Greek, EU-citizens, and citizens of Albania, Turkey and from the former USSR with Greek origin.

Yearly Real Estate Tax (E.N.F.I.A)

Individuals

Individuals are liable annually for a basic property tax and an additional tax that is imposed on property (Aggregated Property Tax or as per the Greek abbreviation "ENFIA"). Basic tax is calculated taking into account several variances such as the size of the property, its age, whether it is an apartment or a detached house, its location, whether there is additional space etc.
Additional tax is calculated in case the property is valued above EUR 200.000 according to a progressive scale varying from 0.1 % to 1.15 % (the rate 1.15 % is applicable to properties valued at EUR 2,000,000)

Legal Entities

The real estate tax for legal entities relates to a basic tax calculated based on several variance as for the property tax of individuals (Aggregated Property Tax or as per the Greek abbreviation "ENFIA")..
Additional tax is calculated for Legal Entities as 5.5 ‰ on total property value (the additional tax of legal entities for own-use property is at 1 ‰). In the before mentioned property value the value of non-taxable property (i.e. special purpose buildings, areas used for public airplanes landing etc.) is not included.
For Public or Private Entities, which are non-profit organizations additional tax is set at 3.5‰.

Special Tax on Real Estate ("Eidikos Foros Epi Akiniton")

On real estate belonging to legal entities, from 1 January 2010 a tax of 15 % on the taxable value is imposed annually. There are exemptions where certain requirements should be met, e.g. trading entities, the shareholders – the ultimate beneficiary owners – have a Greek tax identification number (AFM), the entities with commercial actoivity.

5.12 CAR CIRCULATION TAXES

There is an annual tax based on the size of the engine & it is payable for all cars.

5.13 WITHHOLDING TAXES

The tax rates applied on withholding taxes payments are:

Payment subject to Withholding Tax	Withholding Tax Rate
Dividends	15%
Interest	15%
Royalties	20%
Technical services, management services, consulting and other respective services provided from individuals ,irrespective of the place the service has been provided	20%
Fees to contractors on construction projects, tenants of public, municipal or port annuities	3%
Insurance indemnities for collective pension contracts, with a lump sum or periodic payment	15% for periodical benefits payment 10% on benefits paid up to 40.000 € 20% on benefits paid more than 40.000 € Increase of 50% to the above rates if early redemption takes place. The following cases are not considered early redemption: • Vested pension rights • Age greater than 60 years old • Payments made without the intention of the employee i.e. dismissal or Company's bankruptcy.
Capital gain on Real Estate	From 1/1/2019 only for individuals 15%
Legal Entities non Greece Tax Residents providing technical services, management services, consulting and other respective services	As determined in the respective Double Tax Avoidance Treaty

Based on the provisions of the New Tax Law intercompany dividends received by a Legal Entity which is tax resident in Greece, are tax exempt if several conditions are met (such as if the recipient of the dividend owns at least 10% of the value of the Share Capital or the voting rights of the Legal Entity distributing the dividend, this shareholding is retained for at least twenty four months, and the Legal Entity performing the distribution has not its registered seat in uncooperative states).

The above apply also to Legal Entities having business activities in Greece through a permanent establishment.

Further, no withholding tax applies to interest and royalties paid to a Legal Entity described in the Appendix of EU Directive 2003/49/EU in case several conditions are met:

1. The recipient of the payment owns directly at least 25% of the value of the Share Capital or the voting rights of the Legal Entity performing the payment, or the Entity performing the payment has direct shareholding of 25% in the Share Capital of the recipient of the payment, or a third legal Entity has direct shareholding of 25% of both the recipient and the Entity performing the payment.
2. The shareholding described above is retained for at least twenty four months, and
3. The recipient of the interest & royalties has the following characteristics:

- Is a Legal Entity described in the Appendix of EU Directive 2003/49/EU
- Is a tax resident of an EU Member-state based on the legislation of that State, and is not considered a tax resident of a country outside EU based on the Convention of Double Taxation Avoidance concluded between the EU member State and the third State
- Is subject, without the possibility to be excluded or exempted, to the taxes defined in Directive 2003/49/EU

The tax rates as established in the Double Tax Treaties between Greece & Other Countries are presented in the table below:

Double Tax Treaties between Greece and Other Countries Withholding Tax Table			
Country	**Royalties (%)**	**Interests (%)**	**Dividends (%)**
Albania	5	5	5
Armenia	5	10	10
Austria	7	8	5 or 15
Belgium	5	5 or 10	5 or 15
North Africa	5 or 7	8	5 or 15
Bulgaria (7)	10	10	40 or 10
France	5	10	-
Germany	-	10	25
Georgia	5	8	8
Denmark	5	8	38 or 18
Switzerland	5	10	5 or 15
United States of America	-	-	-
India	-	-	-
Ireland	5	5	5 or 15
Spain	6	8	5 or 10
Israel	10	10	-
Italy	5	10	15
Korea	10	8	5 or 15
Croatia	10	10	5 or 10
Cyprus	5	10	25
Luxemburg	7	8	38 or 7,5
Great Britain	-	-	-
Norway	10	10	40 or 20
Holland	5 or 7	10	35
Hungary	0 or 10	10	45 or 10
Uzbekistan	8	10	8
Ukraine	10	10	5 or 10
Poland	10	10	-
Portugal	10	15	15
Romania	5 or 7	10	45 or 20
Russia	7	7	5 or 10
Slovakia	0 or 10	10 or 0	-
Slovenia	10	10	10
Sweden	5	10	-
Turkey	10	12	15

Chech Republic	0 or 10	10 or 0	-
Finland	0 or 10	10	47 or 13
All Other countries	20%		

5.14 EXTRAORDINARY TAX CONTRIBUTIONS

Tax for Luxury Living is imposed on private cars & swimming pools effective from January 1, 2012 onwards.

Specifically, the following tax rates are imposed on the annual imputed income for the following assets:
- 5% tax rate imposed on the amount of the annual imputed income for cars with cubism from 1929 cc to 2500cc
- 13% for cars exceeding 2500cc

From the above taxes cars with more than 10 years circulation as well as cars owned by disabled persons are exempted.
- 13% tax rate on airplanes, swimming pools and boats over 5 meters.

A professional tax duty has been imposed varying from 600, 00€ to 1.000, 00€ depending on the legal form of each tax payer:

a) For freelancers six hundred fifty 650€ per year.
b) For legal entities engaged in commercial business having their headquarters in tourist areas and in cities or villages with a population of 200,000 inhabitants, 800€ per year.
c) For legal persons engaged in commercial business having their headquarters in cities with a population of over 200,000 residents, 1,000€ per year.
d) For each branch 600€ per year.

5.15 ANTI-AVOIDANCE RULES

TRANSFER PRICING (T.P)

Greece has adopted since 2008 according to OECD guidelines as far as the interpretation and application of the provisions relating the inter-company transactions.

Commercial transactions between related parties of a Group (domestic or foreign) have been made on arms length terms and companies must prepare for their inter-company transactions of a transfer pricing:

- A statement with year transactions must be submitted within 6months from the year-end (information table)
- Transfer Pricing documentation, Local File (LF), Master File (MF) with the appropriate TP method.
- An advanced Pricing Agreement (APA) covering the methodology for a certain period may the multinational companies obtain by tax authorities if they are in line with OECD TP guidelines

Companies are subject to the T.P documentation when:

- The total value of the transactions within the group exceeds 200K Euro and the company's turnover exceeds 5M Euro.
- If the company's turnover does not exceed the 5M Euro, the total value of transactions must exceed 100K Euro

COUNTRY BY COUNTRY (CBC) REPORTING

A law approved in October 2017 regarding the CbC reporting rules, will be applied to multinational enterprises with operations in Greece. Greece has signed the Multilateral Competent Authority Agreement of the Exchange of CbC report (CbC MCAA).

The report is submitted via a specific electronic platform within 12 months from the last day of the tax year that CbC relates to.

The CbC reporting obligation has been applied to fiscal years after the 1st of January 2016.

For tax years starting in January 2017 the responsible companies were obliged to submit a form by email to tax authorities, the CbC Notification. From fiscal year 2018 the deadline to submit the CbC Notification is until the last day of each fiscal year.

The threshold requirement, which creates obligation to prepare CbC report, is 750 million Euros

THIN CAPITALIZATION

According to the Law, these rules apply to:

- Accrued interest paid or credit
- Between affiliate companies
- Is recognized as tax deductible when the net interest (interest payable minus interest received)

The implication of the Law started in 2014 and nowadays the law applies as described below:

From 1 January 2017 and onwards, the amount of net interest expense must not exceed 3 million). For amount of net interest expense over 3 million may be deducted to a percentage of EBITDA, 30%.

Any interest cost that is not deductible, may be carried forward and it will be deductible in the future years.

CONTROLLED FOREIGN COMPANIES (CFC)

The Law 4172/2013 introduces the concept of "Controlled Foreign Companies (CFC). According to the Law, the Greek State has the ability to tax the undistributed profits of foreign legal entities in the name of their main shareholders, either individuals or legal persons as income from business in case the Greek taxpayer participates directly or indirectly in a CFC with more than 50% or the CFC is located in a non-cooperative country or a country with a preferential tax regime or the net income of the CFC before taxes derived by more than 30% from interest, dividends, royalties, immovable property or from financial, insurance and banking activities and transactions with affiliated companies are at least 50% of the total and the CFC is not publicly traded

6 ACCOUNTING & REPORTING

6.1 ACCOUNTING & TAX YEAR

The accounting & tax year shall coincide lasting 12 months usually from January 1st to December 31st of a calendar year. There is the possibility in case of a Legal Entity with double entry books to have year-end as of June 30.

A foreign-controlled Company established in Greece may have the same year-end as its parent company, provided that the parent company has a holding of at least 50% of the Company's capital. Specific permission from the tax authorities is required for this purpose.

6.2 FINANCIAL REPORTING

The Greek GAAP (ELP) Law 4308/14 prescribes the accounting documents & the records that must be kept for tax purposes.

The S.A. and Ltd companies are obliged to prepare the following financial statements according to Greek GAAP: Balance Sheet, Income Statement, cash flows etc.

The International Financial Reporting Standards (IFRS) were introduced in Greece in relation to companies listed in the Athens Stock Exchange and will have to comply with IFRS regarding their annual or periodical accounting statements (including consolidated statements) prepared for periods ending after 31 December 2005. Not listed companies audited by certified auditors can optionally adopt IFRS after that date. Taking into account that the accounting results will differ from the taxable results, reconciliation will be presented in the notes to the financial statements.

6.3 AUDIT REQUIREMENTS

All the companies filing income tax returns are subject to the law 2190/20 which requires that the annual financial statements must be audited by at least two auditors (Members of the Economic Chamber) or a recognized auditing firm of certified auditors. It is very important for the tax authorities to give special emphasis on the correct bookkeeping and other related requirements of the Tax Code. The companies subject to audit are the companies that for two years in a row fulfil two (2) of the following criteria

- Total Assets of at least 2.500.000 €
- Total Revenue at least 5.000.000 €
- On average at least fifty (50) employees, during the accounting year