BERNITSAS briefing

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TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

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A. Decision A.1043/2022 on Family Offices in Greece

1. Article 71H of Law 4172/2013, as amended and in force, allows for the establishment of family offices in Greece, within or outside the country, for the management of estates of Greek tax resident individuals (**Family Offices**).
2. By way of Decision A.1043/2022 (the **Decision**), the Ministry of Finance and the Independent Authority of Public Revenues (**IAPR**) have set out guidelines on the scope of and services that can be provided by Family Offices.
3. The exclusive scope of Family Offices is the administration and management of assets and investments owned, directly or indirectly, by Greek tax resident individuals and members of their family, and includes the management of expenses incurred by them.
4. Only family members can be shareholders, partners or members in Family Offices, either directly or through legal entities in which they are majority shareholders.
5. The services that they can provide include:
   a. services related to the personal and social life of family members including public relations, teachers and security guards;
   b. management services;
   c. financial management services;
   d. strategic planning services including business consulting, real estate planning and succession planning; and
   e. other consulting services including tax consulting and legal, medical, engineering, risk management and cyber security services.
6. Family Offices must be registered with the tax authorities under the activity code number 66301102 "Management services of family estate".
7. In order for the special tax regime on Family Offices to apply, the following conditions must be cumulatively met:
   a. at least 5 employees must be employed in Greece by Family Offices within a period of 12 months from their establishment; and
   b. the operating expenses of Family Offices must exceed the amount of €1,000,000 within the respective the tax year, must be performed in Greece and must relate to their operation in Greece.
8. The gross revenues of Family Offices are determined on a cost-plus basis. In particular, a 7% profit margin applies to the expenses incurred by them (excluding income tax) unless the revenues registered on their books are higher than the revenues under the cost-plus basis method.
9. All Family Office revenues must be collected via the banking system.
10. Any transactions between Family Offices and family members are excluded from VAT as transactions within the same entity.
11. Family Offices must submit a list of documents to the tax office of Athens so that the latter can decide on whether they qualify for the special tax regime.

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