

## TAX BRIEFING: Monthly Insight

# Recent Developments in Tax Legislation

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#### **A. Decision A. 1217/2020 Provides Guidelines on the New Tax Regime for HNWI Pensioners who Transfer their Tax Residence to Greece**

1. Law 4714/2020 introduced a new tax regime for HNWI pensioners who transfer their tax residence to Greece (please see our *July's Monthly Tax Briefing*).
2. Within this framework, Decision A. 1217/2020 of the Ministry of Finance (the Decision) provides guidelines for the implementation of the new tax regime (New Tax Incentive Regime).
3. In accordance with the Decision, non-greek pensioners who decide to transfer their tax residence to Greece will be subject to a flat tax at 7% for income not generated in Greece.
4. Eligible for this New Tax Incentive Regime are pensioners who (cumulatively):
  - a. have not been Greek tax residents for 5 of the last 6 years; and
  - b. have their tax residence in a jurisdiction with which Greece has signed an administrative cooperation agreement.
5. The New Tax Incentive Regime does not exclude the application of the favourable provisions of Double Tax Treaties (DTT).
6. The competent authority for the submission, examination, approval or rejection of the application for the transfer of

tax residences to Greece is the Tax Office of Foreign Tax Residents and Alternative Taxation of Greek Tax Residents.

7. This Tax Office must in turn inform Department C' of the Directorate of International Administrative Cooperation with regard to the applicant's last tax residence.
8. The applicant will have to submit to the Tax Office any public document evidencing pension payments made to them by a non-Greek public pension fund or other competent authority.
9. In cases where the applicant has a Greek tax registration number and has been registered with the tax authorities as a non-greek tax resident for 5 of the 6 years prior to the filing of the application, no additional documentation is required with the application.
10. Otherwise the applicant must file:
  - a. a tax residence certificate issued by the authorities in the jurisdiction of their previous residence;
  - b. where this is not available, a copy of their tax return;
  - c. where both the above documents are not available, the applicant will have to file any other certification from a public authority evidencing their tax residence.
11. The applicant cannot concurrently apply to benefit from the provisions of the application of the new tax regime for foreign tax residents who transfer their tax residence to Greece (please see our *December 2019 Monthly Insight*).
12. HNWI pensioners have to submit an application by the 31 March of the respective tax year along with the required documentation.
13. Applications filed after the 31 March will be examined by the tax office, but in the event that they are approved, the New Tax Incentive Regime will be applicable from 1 January of the following year.
14. The competent tax office has to examine and reach a decision on the application within 60 days from the date of filing.
15. Where approved, the benefits of the New Tax Incentive Regime apply for 15 years.
16. Tax on non-greek sourced income must be paid in a lump sum by the last working day of July.
17. Failure of the applicant to pay the tax within the specified time limit and, at the latest by 31 December of the

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respective year, results in the New Tax Incentive Regime no longer being applicable.

18. No solidarity contribution applies to any non-greek sourced income.
19. The New Tax Incentive Regime does not apply to inheritance or gift tax on assets located outside Greece.

## B. Decision A. 1206/2020 Provides Clarification on the Special Real Estate Tax of 15%

1. Decision A. 1206/2020 provides clarification on the procedure and supporting documentation required for the exemption from the Special Real Estate Tax (SRET) of 15% on the value of real estate located in Greece.
2. The supporting documentation required for the exemption from the SRET are set out with reference to each type of exemption. These are:
  - a. listed legal entities;
  - b. commercial and industrial legal entities and legal entities that supply services;
  - c. legal entities of public interest;
  - d. Foreign States and all the known religions;
  - e. Alternative Investment Funds;
  - f. Societes Anonymes, Limited Liability Companies and Partnerships which disclose their UBO natural person(s); and
  - g. non-EU legal entities.

## C. Law 4728/2020 Changes the Time Period for the Payment of Real Estate Tax in Greece, Extends the Reduced VAT Rate on Specific Products and Services and Provides for a Superdeduction on Advertisement Expenses

1. Law 4728/2020 (the Law) provides that:
  - a. the Annual Real Estate Tax for 2020 is payable in 6 installments, with the first two installments payable by 31 October 2020;
  - b. the application of reduced VAT rates on alcohol free drinks, cinema and concert tickets, catering and food service operations in general (night-time entertainment venues are exempted from the reduced rate) is extended to 30 April 2021;
  - c. advertisement expenses realized in the 2020 and 2021 tax years enjoy a superdeduction equal to:
    - i. 100% for the 2020 fiscal year;
    - ii. 60% for the 2021 fiscal year, on condition that:
      - the respective expense for the 2020 tax year is at least equal to the gross amount of advertisement expense of the 2019 tax year;
      - the respective expense for the 2020 tax year is equal to at least 105% of the gross amount of advertisement expenses for the 2019 tax year; and
  - d. the imposition of duty on Pay-TV is suspended from 1 October 2020 until 30 September 2021.

## Contacts



**Panayotis Bernitsas**  
Managing Partner  
E pbernitsas@bernitsaslaw.com



**Fotodotis Malamas**  
Counsel  
E fmalamas@bernitsaslaw.com

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