



לשכת המסחר ישראל-יוון
Israel-Greece Chamber of Commerce

D R A K O P O U L O S

Doing Business in Greece

April 2024

OVERVIEW OF KEY CORPORATE ISSUES

Types of companies in Greece

| | General Partnership | Limited Partnership | Limited Liability Company | Private Company | Société Anonyme |
|--|-----------------------------------|---|---|---|---|
| Type of company | Personal | Personal | Capital | Capital | Capital |
| Number of partners/ shareholders | At least 2 | At least 2 (at least 1 limited partner and 1 general partner) | No minimum number of partners required | No minimum number of partners required | No minimum number of shareholders required |
| Liability of partners/ shareholders | Personal, direct and unlimited | Limited liability of the limited partner and unlimited liability of the general partner | Up to the amount of the partners' contribution to the capital | Up to the amount of the partners' contribution to the capital* <i>* Exceptions apply to partners with guarantee contributions</i> | Up to the amount of the shareholders' contribution to the capital |
| Minimum share capital | No minimum share capital required | No minimum share capital required | No minimum share capital required | €1.00 Types of partners' contributions: <ul style="list-style-type: none"> ▪ capital contributions in cash or in kind ▪ non-capital contributions ▪ guarantee contributions | €25,000.00 The nominal value of each share can range between €0.04 and €100.00 |

OVERVIEW OF KEY CORPORATE ISSUES

—● Other business structures

- Individual business (sole traders/freelancers/entrepreneurs)
- Joint venture
- Law 89 Office (as amended by Law 3427/2005)
- Branch office of foreign entity

—● Structures preferred by foreign investors

- Société Anonyme: traditionally formed for large-scale investments and for entities intending to list on the Stock Exchange, offering a wide range of instruments to attract financing, including *inter alia* bond loans and convertible bond loans, which are exempt from 2.4% stamp duty.
- Private Companies: the most popular type of company for small and medium-sized enterprises as they require no minimum share capital, their incorporation process is simple and cost-effective and they combine characteristics of both partnerships and corporations.

OVERVIEW OF KEY CORPORATE ISSUES

—● Management Bodies

| Private Company | Société Anonyme |
|--|--|
| Administrator(s) All partners of a private company act jointly as administrators unless otherwise provided in the company's Articles of Association | Board of Directors (3-15 members) or Director - Administrator (single-member Board of Directors) |

—● Liability of Management Bodies

| | Administrator | Managing Director |
|---|---------------|-------------------|
| Tax offences | ✓ | ✓ |
| Employment and social security offences | ✓ | ✓ |
| Criminal offences | ✓ | ✓ |

OVERVIEW OF KEY CORPORATE ISSUES

- Requirements for the incorporation of a company
 - The founder(s) and the members of the Board of Directors/administrator(s) representing the company must have a Greek Tax Identification Number (*AFM*) – if the above persons do not reside in Greece, a tax representative must be appointed.
 - The company's registered seat must be determined (it can be privately owned or rented) and the relevant agreement must be executed.
 - The requirements relating to the minimum number of shareholders/partners and the minimum share capital (if applicable) must be met.
 - A company name check is necessary and an application can be made to reserve the proposed company name, preventing it from being registered by another company for a period of up to 2 months.

OVERVIEW OF KEY CORPORATE ISSUES

—● Incorporation process

The incorporation process in Greece normally takes 2-5 business days and is carried out through the One-Stop-Shop service, i.e., through one of the following authorities:

- a certified Notary Public, if the company is formed by virtue of a notarial deed (a notarial deed is required in the case of a contribution in kind);
- the One-Stop-Shop service of the General Commercial Registry;
- the electronic One-Stop-Shop (e-OSS) (the process can be carried out either by the founding partner(s)/shareholder(s) or by any authorized person).

Upon incorporation, the applicable fees and duties must be settled. For a Société Anonyme, a duty of 0.1% on the initial share capital is also required, payable to the Hellenic Competition Commission.

A company is deemed to have been incorporated on the date of its registration with the General Commercial Registry.

OVERVIEW OF KEY CORPORATE ISSUES

—● Formalities following incorporation

- Opening of a corporate bank account in Greece.
- Payment of the company's initial share capital through wire transfer to the company's bank account.
- Registration of the company's UBOs in the Central Registry of Ultimate Beneficial Owners.

OVERVIEW OF KEY CORPORATE ISSUES

—● Corporate Income Tax

- Non-resident companies are taxed in Greece on any Greek-source income.
- The corporate income tax rate in Greece is 22%.

—● Capital Gains Tax

- The transfer of non-listed shares is exempt from VAT and stamp duty.
- The transfer of listed shares is subject to a 0.1% duty on the transfer price of the shares.
- Capital gains on the sale of shares (in Greece or abroad) are subject to corporate income tax at a rate of 22%.
- Capital gains from the sale of shares (non-listed and listed) by a foreign legal entity which is tax resident abroad shall be taxable in Greece only if the entity has a permanent establishment in Greece.

OVERVIEW OF KEY CORPORATE ISSUES

—● Withholding Taxes - Dividends

- Dividends are subject to withholding tax at a rate of 5%.

—● Capital Concentration Tax

As of 12 December 2023, any increase in the share capital of a legal entity shall be subject to a Capital Concentration Tax at a rate of 0.2%. The initial share capital is not subject to any concentration tax.

TAX INCENTIVES FOR LEGAL ENTITIES

—● Strategic Investments (Law 4864/2021)

- Investments in agri-food, robotics, artificial intelligence, renewable energy, digital transformation, cloud computing and biotechnology.
- Minimum investment €10,000,000.00.
- Stabilization of the Corporate Income Tax Rate for a period of 12 years following the completion of the investment.
- Tax exemption on pre-tax profits.
- Acceleration of tax depreciation of fixed assets.
- Subsidy for the recruitment of disadvantaged workers.

TAX INCENTIVES FOR LEGAL ENTITIES

- Scientific and Technological Development Research Expenses (Law 4172/2013)
 - Expenditure on scientific and technological development (R&D) is deducted from the gross revenue generated in the year in which the expenditure is incurred, increased by 100%.
 - Eligible expenses include depreciation of building costs, operating expenses, staff remuneration, expenditure on consumables, depreciation of purchase or leasing costs of laboratory equipment, travel expenses, patents, etc.

TAX INCENTIVES FOR LEGAL ENTITIES

—● International Patents (Law 4172/2013)

- Profits derived from the exploitation of an internationally recognized patent developed by a Greek company are exempt from income tax for up to 3 consecutive years.
- The exemption is granted on the condition that there is a link with the research and development (R&D) expenses incurred by the company for the development of the patent.

—● Family Offices (Law 4778/2021)

- Annual operating expenditure of at least €1,000,000.00 per year.
- Employment of at least 5 people within 12 months of incorporation.
- Taxable gross income is determined by adding a 7% profit mark-up to all expenses and depreciation.
- Expenses are 100% deductible from gross income.
- No tax exemption for dividends.
- Services provided between the family office and its members are not subject to VAT.

TAX INCENTIVES FOR LEGAL ENTITIES

—● State Aids (Law 4887/2022)

- Exemption from the payment of income tax on the pre-tax profits realized on all activities of the company.
- Financial aid to cover the subsidized costs of the investment plan subsidized by the State.
- Leasing subsidy for the acquisition of new machinery and other equipment; partial financial coverage of the leasing instalments.
- Partial financial coverage of the employment costs for new jobs created that have not been finalized by any other state aid.
- Interest rate subsidy on subordinated loans or on the insurance costs of high-risk loans paid to the credit institutions that grant them (only for specific schemes).

Minimum investment:

| Large enterprises | Medium-sized enterprises | Small enterprises | Micro enterprises |
|-------------------|--------------------------|-------------------|-------------------|
| €1,000,000.00 | €500,000.00 | €250,000.00 | €100,000.00 |

TAX INCENTIVES FOR LEGAL ENTITIES

—● Eligible Expenses of Small and Medium-sized Enterprises (Law 4172/2013)

Expenses 100% deductible from corporate gross income:

- Protection and management of the forest environment, sanitation and purification of soil, water, marine areas, or air, or pollution control, with a view to exceeding European Union standards or the early application of such standards, including research and studies.
- Actions to improve energy efficiency, energy saving, green transition and renewable energy sources, including research and relevant studies.
- Research and experimental development in biotechnology and research in electricity technology.

TAX INCENTIVES FOR INDIVIDUALS | “NON-DOM” TAX REGIMES

—● Tax Residency for investors (article 5A Law 4172/2013)

- Individuals who transfer their tax residence to Greece benefit from preferential taxation on foreign source income if they:
 - a) have not been Greek tax residents for the 7 out of the last 8 years prior to transferring their tax residence to Greece;
 - b) invest at least €500,000.00 in real estate, business, or transferable securities or shares in Greek legal entities, either themselves or their relatives or through a legal entity. This condition does not apply to individuals holding an investment residence permit in Greece.
- Privileged fixed income tax of €100,000.00 per fiscal year, irrespective of the amount of income earned abroad, for a maximum of 15 fiscal years. In addition, it is possible to extend the regime to any of their relatives by paying an additional tax of €20,000.00 per person per fiscal year.

TAX INCENTIVES FOR INDIVIDUALS | “NON-DOM” TAX REGIMES

—● Tax Residency for pensioners (article 5B Law 4172/2013)

- Foreign pensioners who transfer their tax residence to Greece benefit from preferential taxation on foreign source income if they:
 - a) have not been Greek tax residents for the 5 out of the last 6 years prior to the transfer of their Tax Residence to Greece;
 - b) relocate from a country with which Greece has a tax treaty.
- Privileged tax income rate at 7% on foreign source income for a maximum of 15 fiscal years.

TAX INCENTIVES FOR INDIVIDUALS | “NON-DOM” TAX REGIMES

- Tax residency for employees and entrepreneurs (article 5C Law 4172/2013)
- Foreign employees or entrepreneurs who transfer their tax residence to Greece benefit from preferential taxation on income if they:
 - a) have not been Greek tax residents for 5 out of the last 6 years prior to the transfer of their tax residence to Greece;
 - b) relocate from a country with which Greece has a tax treaty;
 - c) provide services in Greece;
 - d) declare their intention to stay in Greece for at least 2 years.
- Privileged income tax exemption on 50% of their income earned in Greece for 7 consecutive fiscal years.

IMMIGRATION

—● Residence permits - Investment activity (type B.1 to B.4)

Types of residence permits for investment activity:

- Residence permit for “strategic investments” (B.1 type).
- Residence permit to third country nationals who set up a company for the purpose of making an investment of at least €500,000.00 that will have a positive impact on national development and the economy (B.2 type).
- Residence permit to third country nationals who own 33% of the share capital of a domestic company by paying at least €500,000.00 from their own funds (B.3 type).
- Residence permit for investment in capital contribution, purchase of shares, bonds and/or government bonds with a minimum acquisition value of €500,000.00 as well as by opening a term deposit of at least €500,000.00 in a domestic credit institution with a standing renewal order (B.4 type).

IMMIGRATION

—● Golden Visa - Residence permit for real estate owners (type B.5) (Law 5100/2024)

A dual-zone system is introduced for real estate investments:

- A threshold of €800,000.00 in the areas of Attica, Thessaloniki, in the islands of Mykonos and Santorini and all the islands with more than 3,100 inhabitants; and
- A threshold of €400,000.00 for all the other regions of Greece.

The investment must be carried out in a single property with a minimum surface area of 120.00 square meters.

—● Important exceptions that will benefit from the €250,000.00 scheme

- If a deposit equal to 10% of the total value of the selected property is paid by 31 August 2024, provided that the relevant contract is concluded by 31 December 2024.
- In the case of conversion of the use of selected property from commercial to residential.
- In the case of restoration of listed buildings (i.e. buildings of historic interest which are subject to special protection).

All Golden Visa properties are prohibited from being rented on a short-term basis through a sharing economy platform (Airbnb), even by third parties under sublease agreements.

IMMIGRATION

—● Digital Nomads (type Z.1) (Law 4825/2021)

- Remote non-EU employees who relocate to Greece are granted the so-called “Digital Nomad Visa” if they:
 - a) have a monthly income of at least €3,500.00 (increased by 20% for the spouse and by 15% for each child; and
 - b) do not engage in any employment or professional activity within the Greek territory.
- Digital Nomad Visa holders are eligible to income tax exemption on 50% of their income for the first 7 fiscal years of tax residence.

—● Financially Independent Persons (type I.8)

- Third-country nationals who have received a national entry visa D, are granted a residence permit as financially independent persons, if they prove that:
 - a) have sufficient means of living at the level of a steady annual income of at least €2,000.00 per month (increased at a percentage of 20% for the beneficiary’s wife and of 15% for each child);
 - b) this income derives from foreign sources without providing any kind of work or services within Greek territory and
 - c) have transferred the necessary above income covering the period of validity of the residence permit to a Greek bank account.

IMMIGRATION

—● Validity Term

- Golden Visa for real estate properties and investment activity is valid for 5 years (renewable).
- Digital Nomad Visa and Residence Permit for Financially Independent Persons are valid for 3 years (renewable).

—● Benefits (for all four categories mentioned above)

- Unlimited Schengen Travelling
- Full family residence
- Route to Greek citizenship acquisition

—● Special Benefits (for Golden Visa & Investment activity – Digital Nomad Visa)

- Application with no obligation to obtain a long-stay national visa - type D
- Remote application

D R A K O P O U L O S

ATHENS

332 Kifissias Avenue, 152 33 Halandri, Athens, Greece
Tel.: +30 210 6836561, Fax: +30 210 6836538

BUCHAREST

99 Dacia Boulevard, 030167 Bucharest, Romania
Tel.: +40 21 3000154, Fax: +40 21 3183143

NICOSIA

41 Themistokli Dervi St., Hawaii Tower, 1066 Nicosia, Cyprus
Tel.: +357 22032774

info@drakopoulos-law.com

drakopoulos-law.com

ATHENS _ BUCHAREST _ NICOSIA