

Recent tax developments in Greece

The Greek MoF has submitted a new tax bill to Parliament, introducing changes in the field of direct taxation. Proposed changes are part of the measures for Greece to meet its fiscal targets under the third bailout program. Additional measures in the field of indirect taxation are also expected to be introduced in the next weeks. In more detail:

Special solidarity tax rates

The new bill revises the special solidarity tax rates applicable on income earned by individuals and introduces a progressive tax scale, substituting previously applicable flat rates, which applied on the total reported income. The following scale has been proposed:

Amount of income (EUR)	Tax rate
Up to 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%
220,001 and above	10%

The above tax rates shall apply on reported income earned from 1 January 2016 onwards.

Income from immovable property

The new bill revises the tax rates applicable to income from immovable property earned by individuals, as follows:

Amount of income (EUR)	Tax rate
Up to 12,000	15%
12,001 – 35,000	35%
Exceeding 35,000	45%

Income from employment/pensions and business income

The new bill increases the tax rates applicable to income from employment/pensions and equalised that tax treatment of business income to the one of income from employment/pensions. The new tax scale is as follows:

Amount of income (EUR)	Tax rate
Up to 20,000	22%
20,001 – 30,000	29%
30,001 – 40,000	37%
Exceeding 40,000	45%

As regards taxpayers maintaining single entry books, the applicable rate remains 26% for profits up to the amount of Euro 50,000 and rises to 33% for any excess amount.

Increase of withholding tax rate on dividends

According to the bill, the withholding tax rate on dividends and other profit distributions shall be increased to 15% from the currently applicable rate of 10%, with effect for payments performed from fiscal year 2016 onwards.

This increase affects dividends received by individual taxpayers, as well as legal entities, unless the latter are entitled to protection under the EU Parent-Subsidiary Directive or a Double Taxation Treaty concluded between Greece and their state of tax residence.

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