



Family office in Greece | Success story or initiative shot in the making?

Following introduction of the Greek HNWI tax regime, the Greek Parliament ratified last night, a bill introducing a family office regime in Greece. This is another initiative aiming to incentivise HNWI economic activity in Greece. However, several elements of the new provisions might potentially be shooting the effort in the making. The new regime, as currently proposed, appears to be inflexible, narrow in scope and expensive.

Greece may indeed work as an attractive destination for offices managing the wealth of HNWIs, be it with or without Greek ties. And it is indeed true that introducing a family office activity in Greece may contribute to boosting investment activity, attracting sophisticated human resources and effectively developing a new sector of professional services. However, none of these goals shall be accomplished, without a few revisions to the new regime.

Greek family office regime in a nutshell

The key elements of the new bill are the following:

- The new provision refers to single family offices providing services to a Greek tax resident individual and his/her family. The scope of family is restricted to two straight line generations i.e. grandparents, parents and their unmarried children.
- Qualifying services refer to the management and administration of the family's wealth and assets. The scope of services shall be defined in more detail at a later stage, through ministerial guidance.
- Qualifying family offices should incur annual expenditure of at least Euro 1,000,000 and should employ at least 5 employees.

- Taxable revenues of qualifying offices shall be defined at a cost plus 7% basis. Application of the 7% mark up on all costs incurred by the family office shall ensure full tax deductibility of such costs.
- Services provided between the family office and its members shall fall outside the scope of VAT.

Is this good enough?

In our view, the following revisions are necessary:

- **Attracting international families**
The tax residence of family members should be disassociated with the set up of a family office in Greece. Otherwise, the scope of the regime shall be restricted exclusively to domestic families, thus significantly narrowing down the number of potential family offices to be set up in Greece.
- **Ensuring a long economic life for the office**
Family offices are set up to manage family wealth from generation to generation.

The number of generations to be serviced by the office should be unlimited, thus ensuring a long economic life for the office. The current regime is limited to the servicing of two generations.



- **Multi-family offices**

Extending the life of a family office also requires extending the number of families being served by the office. Multi-family offices are trending at an international level, as they facilitate serving families of the third or further generations, while achieving synergies and economies of scale.

- **Extending the scope of service recipients**

The family office should be allowed to provide services to any legal entity holding family assets. Limiting the scope of service recipients exclusively to the founding members of the office shall also limit the scope of services to be provided, thus making the office inflexible.

- **Rationalising the minimum expenditure**

An annual minimum expenditure of Euro 1M makes the regime extremely expensive. We suggest reducing it to Euro 300K, which is already triple the minimum expenditure of Law 89 offices operating in Greece, and still higher than the amounts required by other jurisdictions offering attractive family office regimes (e.g. Singapore).

- **Shielding from place of effective management rules**

Activities of family offices should be expressly shielded from place of effective management rules. Otherwise, the regime would trigger significant tax uncertainty in relation to the place of effective management of legal entities holding family assets across the globe.

Contact us:**Yerassimos Yannopoulos**

Co-Managing Partner | Head of Tax

y.yannopoulos@zeya.com

**Elina Filippou**

Partner | Private clients

e.filippou@zeya.com

**Marina Allamani**

Partner | Private clients

m.allamani@zeya.com

**Anna Paraskeva**

Partner | Private clients

a.paraskeva@zeya.com

Established in 1893, Zepos & Yannopoulos is one of the leading and largest Law firms in Greece providing comprehensive legal and tax services to companies conducting business in Greece.

www.zeya.com

280 Kifissias Ave., 152 32 Halandri, Athens, Greece

newsletters@zeya.com

Tel.: (+30) 210 696.70.00 | Fax: (+30) 210 699.46.40

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, or stored in any retrieval system of any nature without prior permission. Application for permission for other use of copyright material including permission to reproduce extracts in other published works shall be made to the publishers. Full acknowledgement of author, publisher and source must be given.

Nothing in this newsletter shall be construed as legal advice. The newsletter is necessarily generalised. Professional advice should therefore be sought before any action is undertaken based on this newsletter.