



# Business in Greece

Greece has been an EU member state since 1981 and part of Eurozone since 2001. Being an Organization for Economic Cooperation and Development (OECD) member state, Greece's international tax treaties include the exchange information clause between the states involved.

With regards to foreign exchange control, although deregulation is the dominant feature in exchange control and foreign investment matters, these are certain reporting requirements.

As a general rule, foreign investments are only subject to reporting requirements once the investment has been made. On the other hand, exchange control and capital movements are fully deregulated in Greece, creating freedom of action in this regard in all areas.



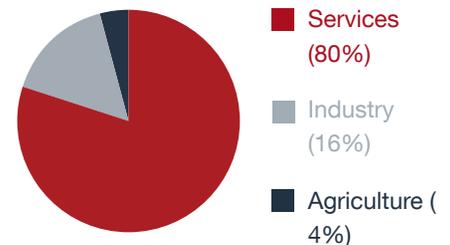
## Population

11 million

1 icon = 2 million



## GDP Breakdown by Sector



## Currency

Euro (€)

## Foreign Direct Investment

4.25 million

## GDP Growth (est. 2020)

1.9%

## Business Climate

Greece lies in South East Europe covering an area of 130,000km<sup>2</sup> with a population of 11 million. It borders Turkey, Bulgaria, Albania and North Macedonia and has close trade links with Italy and Cyprus. Cyprus is a particularly close trading partner because of geographic proximity as well as the shared historical and cultural links between the two countries.

Greece is the 51st largest in the world with a nominal gross domestic product (GDP) of USD \$218 billion per year.

Greek economy is based on the service (80%) and industrial sectors (16%), with the agricultural sector contributing an estimated 4% of national economic output. Important Greek industries include tourism and shipping. Greece is ranked fourth in the world by number of ships (3,695), behind China (5,313), Japan (3,991), and Germany (3,833). A European Community Shipowners' Associations report for 2011–2012 reveals that the Greek flag is the seventh-most-used internationally for shipping, while it ranks second in the EU.

Greece is a member state of the EU, which allows the free movement of goods and services. Therefore, no import duties apply to the movement of goods within the internal market.

Greek intellectual property laws are harmonized with those of the other EU member states, and it has ratified the main international treaties in this field.

The Central Bank of Greece is the Greek central bank and the supervisor of its banking sector.

The bank is currently coordinating a complex restructuring and recapitalization program, the Memorandum of Understanding (MoU) agreed with European authorities in July 2012 to restore confidence and stabilize the sector and put it on a more secure footing for the future.

## International Trade

Greece has been a World Trade Organization (WTO) member since 1995, and as a member of the EU, charges third country goods with the EU's Common External Tariff.

According to the EU legislation, certain goods are subject to commercial requirements such as import licenses, agri/vet or phyto certificates and pharma documents. Non-EU importers are obliged to appoint a fiscal representative in order to account for the import VAT, which recoverability is subject to specific conditions. A customs agent is also required.

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### Trade Agreements

The EU has free trade agreements with associations and countries, providing a high level of mutual access. In addition, Greece has signed 65 bilateral agreements with other countries, which confers a framework for foreign investment protection in Greece for each of the signatory countries.

### Foreign Trade Zones

Foreign Trade zones can be found on the peninsula and the Greek Islands as well as in the airports and seaports.

### Foreign Direct Investment Policy

Greece, as a member of the EU, applies the principle of free establishment and non-discrimination. Any type of business can be operated under the same conditions of a local investor by the foreign investors. The Greek Government provides various incentives for foreign investors such as tax benefits and grants, among others.

## Tax Regime

The main direct taxes applicable in Greece are:

- **Corporate income tax:** Applies to entities that are tax residents in Greece, being taxed on their worldwide income. An entity is considered resident in Greece for CIT purposes if it has been formed in accordance with the Greek law, or if it has its registered office or its effective place of management in Greece. The general tax rate is 24%.
- **Personal income tax:** Applies to individuals who are tax residents in Greece, being taxed on their worldwide income. Taxable income is made up of a general base, applicable to employment and rental income among others, with a progressive tax rate from 9% - 44% as a general rule and a saving base (interests, dividends etc.), being the progressive tax rate 5% - 15%.

Individuals are also subject in Greece to Wealth Tax, Inheritance and Gift Tax.

- **Non-resident income tax:** Individuals and entities non-resident in Greece are liable on the income and gains from Greek sources. In order to determine how non-residents will be taxed in Greece, it should be analyzed whether or not the non-resident has a

permanent establishment in Greece. Usually the main source of income for non-residents is income deriving from real estate situated in Greece.

The main indirect taxes applicable in Greece are:

- **Value-added tax (VAT):** Commercial supplies of goods and/or services as well as imports and intra-EU acquisitions of goods are subject to Greek VAT with the standard rate being 24%. Reduced tax rates (6% and 13%) and specific exemptions will be applicable depending on the nature of the goods or services.

Non-EU entrepreneurs will be entitled to apply for the refund of the non-deducted input VAT under specific conditions and will be obliged to appoint a fiscal representative in Greece.

Certain transactions are exempt from VAT (i.e., financial and insurance transactions, medical services and educational services).

- **Transfer and Stamp Tax:** Includes three modalities of taxable events, which are property transfers, corporate transactions and stamp duty. This tax may be very significant in the real

estate property transfers.]

Regarding other taxes, an entrepreneur's duty is levied on the economic activity of the businesses and it paid on an annual basis.

There are several other taxes, especially on real estate and more particularly, Real Estate Tax (ENFIA), Real Estate Duty (RED) and other miscellaneous taxes and duties that may be charged by the Municipality where the real estate is located (usually they are charged through utility bills); such taxes/duties comprise municipal duties for cleaning and lightening, a municipal tax for the supply of electricity, a special renewable energy duty and a municipal drainage duty. RED is the most significant of the above taxes and duties, and it is calculated at a rate ranging from 0.25% to 0.35%.

- **Excise duties:** The common system of excise duty in the European Union and in Greece includes regulations concerning excise goods, such as energy products, electricity, alcoholic beverages and tobacco products.

## Establishing a Business

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There are two types of simple partnerships, a general partnership (Omorrythmi Eteria) and a limited Partnership (Eterorhythmi Etairia). The General Partnership requires at least one partner having unlimited liability. The Limited Partnership has two partners. The liability of the limited partner (eterorhythmos Etairos) is limited up to the amount of his contribution on the share capital.

Companies with share capital are: Anonymi Etairia (A.E) -Societe Anonymes (SA), Limited Liability Company (LTD), Private Capital Company (P.C.). The minimum share capital for a SA company is EUR 25,000. The minimum share capital for an LTD company and Private Capital company is EUR 1.

The owners of the company are known as participants, unit holders or partners and are liable only to the extent of their contributed capital. Participation in the capital of an LTD and extent thereof is evidenced by the Articles of Association.

## Employment Affairs

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Nationals of EU Member states or nationals from non-EU countries with a work and residence permit are allowed to work in Greece. In 2019, the minimum wage is EUR 650 per month or EUR 9,140.63 per year (which includes 12 monthly and two special payments).

- **Maternity and Paternity Leave:** Four weeks paid for maternity leave
- **Unemployment Benefits:** To get some benefits, the employee shall have been contributing to Social Security for at least 80 days in the previous year.
- **Retirement:** At present, the retirement age is gradually increasing from 65 to 67.



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