

Article 5C of Greek Income Tax Code

Admission requirements:

- 1) the taxpayer must be a natural person
- 2) his tax residence is transferred to Greece from an EU member state or from an E.E.A. country or from a state with which an administrative cooperation agreement in the field of taxation with Greece is in force.

A natural person, who transfers his tax residence to Greece, is a tax resident of Greece according to the meaning of the Conventions for the avoidance of double taxation concluded by Greece.

- 3) the taxpayer was not a tax resident of Greece five (5) out of six (6) years before the transfer of his tax residence to Greece

- 4) the taxpayer

- a) either provides services in Greece

- in the context of an employment relationship
- in a resident legal person or legal entity or in a permanent establishment of a foreign company in Greece
- exclusively for filling a new job position

A new job position exists:

- in the event of an increase (in absolute numbers) of the number of employees, on the day that the natural person, who submits a request of article 5C of the GITC, provides services at the resident legal person or legal entity or at the permanent establishment of a foreign company in Greece

and a non-reduction of job positions of the same specialty or the same duties as the job position occupied by the nature person who submits the aforementioned request of article 5C GITC, for a reasonable period of time, which cannot be less than six months.

Exceptionally, a new job is considered to exist,

A. even if the overall number of employees does not increase:

- in case of filling a new job position in an existing department or in an existing specialty or filling a new specialty or position in a new department in the organization chart of the national legal person or legal entity or the permanent establishment of a foreign company in Greece

And a non-reduction of job positions of the same specialty or the same duties as the job position occupied by the nature person who submits the aforementioned request of article 5C GITC, for a reasonable period of time, which cannot be less than six months.

- in the case of secondment or loan of an employee from a foreign to a Greek company, only if with the contract in question (loan or secondment) the Greek company has the right to define and control the manner, time and place of performance of the services

provided during the secondment or loan, and the Greek company has also undertaken the obligation to pay the salary of the employee.

B. even if the overall number of employees decreases

- in the event of an employee's voluntary departure, termination of a fixed-term contract, retirement, termination of an employment contract before its expiration for an important reason concerning the employee.

C. in the case of the natural person's successive contracts for a certain period with the same employer.

b) either exercises individual business activity in Greece

5) the taxpayer declares that he will remain in Greece for at least two years.

Method of taxation:

In the case of acceptance of the application, the total domestic income from salaried work and/or business activity of the tax year for which the relevant application is submitted, is exempted for seven (7) consecutive tax years, by fifty percent (50%) from income tax. The remaining fifty percent (50%) of the income is taxed at the scale of article 15, paragr. 1 GITC, aggregated with any other income that is taxed on the same scale and their taxation starts from the lowest tax rate.

The exemption cannot be extended beyond seven (7) tax years.

Any domestic income from salaried work and/or business activity that does not meet the conditions of art. 5C KFE is taxed in its entirety according to the general provisions.

The natural person that is not exempt from the tax on inheritances or donations of property located abroad.

Submission of application and supporting documents

Application

Among other things, the natural person states in his application the state in which he had his last tax residence until the submission of his application, as well as his residential

Supporting Documents

1A. Only if the tax authorities do not have records showing the natural person as a foreign tax resident for five (5) out of the six (6) years prior to the request to transfer his tax residence to Greece and only for each of the years for which no data are available

(a) Tax residence certificate from the competent tax authority of the state, where he declares tax resident, from which it can be proven that he is a tax resident of that state.

If the taxpayer was a resident of a state with which there is a Double Taxation Avoidance Agreement (hereinafter DTA), he can submit, instead of the certificate, the prescribed Application for the Application of DTA where the certificate of tax residence is incorporated (bilingual forms), completed, signed and sealed by the competent foreign tax authority, or

(b) In the event that the issuance of the above-mentioned certificate by the competent tax authority is not foreseen, a copy of the liquidation of the income tax return or, in the absence of liquidation, a copy of the relevant income tax return, which he submitted to the other state as a tax resident of that state, or

(c) In case it is not possible to present any of the above supporting documents (under a' or b'), because it is proven that the foreign tax authority does not issue them, then a certificate from any other public or municipal or other recognized authority is required, with which will prove the permanent and stable establishment of this person in the other state.

or

1B. No provision of supporting documents is needed, if the natural person applies for the VAT number acquisition for the first time, or if he appears in the records of the Tax Authorities as a foreign tax resident for five (5) out of the six (6) years prior to the request to transfer his tax residence.

The existence of this condition is examined ex officio.

2. Declaration of the employer confirming that the applicant fills a new job position

Tax authorities may search and verify the exact number of employees, as the case may be, from data of legal persons, legal entities or foreign companies with a permanent establishment in Greece, as well as from data of other public authorities, such as the Ministry's Ergani information system of Labor and Social Affairs, the Labor Force Employment Organization (OAED), or the Labor Inspection Body (SEPE).

3A. If the natural person acquires income from employment:

indicative: employment contract for a fixed or indefinite period, the employment notice form, publication in GEMI of the act by which the person is designated as a director, member of the Board of Directors of a company or any other legal person or legal entity.

3B. If the natural person acquires income from business activity: Declaration of the commencement of an individual business to the competent tax authority.

4. Declaration by which the natural person will declare that he will remain in Greece for at least two years starting from January 1st of the first year of his submission to the provisions of article 5C GITC.

In the case of non-submission of no. 2 to 4 supporting documents, the tax authority will not proceed with the examination of the application.

In the case of non-submission of supporting documents No. 1A, the applicant is immediately informed of his obligation to submit the additional supporting documents within a period of thirty (30) days from this notification.

Place of submission

Competent service for the submission of the request of article 5C GITC and the examination of the relevant supporting documents that accompany the application is D.O.Y. Foreign Taxpayer's Office and Alternative Taxation of Domestic Taxpayer's Office, and in particular in Section C1 - Application of Alternative Taxation of Domestic Tax Residents.

Submission time

a) If the commencement of providing services or exercising individual business activity occurs until the 2nd of July (included) of each year, the request of article 5C GITC is submitted by the end of that year. The taxpayer is judged to be included in the special method of taxation of article 5 GITC for that year.

In the event that the taxpayer submits an application within the year following the commencement of providing services or exercising individual business activity, the taxpayer is judged to be included in the special method of taxation of article 5 GITC for the year following the commencement of providing services or exercising individual business activity.

b) If the commencement of providing services or exercising individual business activity occurs after the 2nd of July (included) of each year, the request of article 5C is submitted until the end of the following year and the taxpayer is judged to be included in the special method of taxation of article 5 GITC for the year following the commencement of providing services or exercising individual business activity.

Method of submission

The application and the supporting documents are submitted either digitally (scanned) via the "My Applications" platform on the myAADE digital portal (<https://www1.aade.gr/gsisapps5/myaade/#!/arxiki>), or by post. It is also possible to submit applications to the protocol office of the tax authority.

The submission date of the application is considered to be the submission date of the request to the "My Requests" platform in the tax authority's digital portal, or the date obtained from the stamp of the post office or the courier service, respectively. The receipt of the post office or the courier service or the automated message sent in response to the taxpayer's electronic message, shall serve as proof of receipt.

The competent tax authority issues a decision approving or rejecting the application, depending on whether the conditions are met or not, within the deadline of sixty (60) days from the submission of the application.