



# GLOBAL EMPLOYER GUIDE

# GREECE





## Basic Country Facts

### Full Name

- Hellenic Republic

### Capital

- Athens

### Main Languages

- Greek (99%)
- English
- German
- French
- Italian

### Population

- 10.74 million

### Monetary Unit

- Euro

### Internet Domain

- .gr

### International Dialing Code

- +30

### Currency

- Euro



# STATUTORY LABOR REQUIREMENTS

## Probation Period

- The maximum probationary period is 12 months. During that time, the employer may terminate the employment agreement without severance.

## Annual Leave

- After one year of employment, the employee is entitled on January 1st to 24 days of annual leave for a 6-day work week or 20 days for a 5-day work week. In years two and three the employee gets an additional day of vacation for each year.

## Public Holidays

- New Year's Day (1st January)
- Epiphany (6th January)
- Clean Monday (2nd March)
- Greek Independence Day (25th March)
- Good Friday (17th April)
- Holy and Great Friday (17th April)
- Orthodox Easter (19th April)
- Orthodox Easter Monday (20th April)
- Labor Day (1st May)
- Pentecost (7th June)
- Whit Monday (8th June)
- Dormition of the Mother of God (15th August)
- Ochi Day (28th October)
- Christmas Day (25th December)
- 2nd Day of Christmas (26th December)

## Maternity Leave

- Female employees are entitled to 119 days (56 days before delivery (pregnancy benefit) and 63 days following delivery (postpartum benefit)



## **Paternity Leave**

- Fathers are entitled to 2 days of paternity leave.
- Under the paternity leave, one of the two parents is entitled to reduced working hours for the 30 or 18 months following childbirth or adoption.

## **Sick Leave**

- For the first three days of sick leave, employees are generally entitled to 50% of wages owed.
- Employees are eligible for sick leave pay from social insurance beginning on the 4th day of the illness.

## **Work Hours**

- The Greek work week is 40 hours with 5, 8-hour days.

## **Overtime**

- The employment of more than 45 or 48 hours per week respectively is considered overtime and the employee is paid for these hours as follows: from 1 to 120 hours per year the wage is increased by 40 percent, for more than 120 hours per year the wage is increased by 60 percent.

## **Notice Period**

- An open-ended employment agreement of a private employee that has a duration of more than 12 months cannot be terminated without prior written notice from the employer, which will take effect from the day after the employee is notified, under the following conditions:
  - For employees who have served from 12 completed months to two years, one month's notice is required before dismissal;
  - For employees who have served from two to five years, two months' notice is required before dismissal;

- For employees who have served from five to 10 years, three months' notice is required before dismissal; and
- For employees who have served 10 years or more, four months' notice is required before dismissal.

## **Severance**

- As of July 2019, employers must pay severance indemnities and corresponding taxes to the employees' bank accounts via wire transfer instead of using a bank cheque.
- In the case of an open-ended employment agreement terminated by the employer, the severance pay is calculated as detailed below.
- Length of service with the same employer:
  - from 1 day to 1 year no severance pay is due; and
  - from 1 year to 4 years' severance pay of 1 month is due if the employer complies with the statutory period of notice. If the employer does not comply with the period of notice, a severance pay of 2 months is due.
  - from 4 to 6 years, a severance pay of 1.5 months is due if the employer has complied with the legislation on the notice period and 3 months if not;
  - from 6 to 8 years, a severance pay of 2 months is due if the employer has complied with the legislation on the notice period and 4 months if not;
  - from 8 to 10 years, a severance pay of 2.5 months is due if the employer has complied with the legislation on the notice period and 5 months if not;
  - from 10 to 11 years, a severance pay of 3 months is due if the employer has complied with the legislation on the notice period and 6 months if not;

- from 11 to 12 years, a severance pay of 3.5 months is due if the employer has complied with the legislation on the notice period and 7 months if not;
- from 12 to 13 years, a severance pay of 4 months is due if the employer has complied with the legislation on the notice period and 8 months if not;
- from 13 to 14 years, a severance pay of 4.5 months is due if the employer has complied with the legislation on the notice period and 9 months if not;
- from 14 to 15 years, a severance pay of 5 months is due if the employer has complied with the legislation on the notice period and 10 months if not;
- from 15 to 16 years, a severance pay of 5.5 months is due if the employer has complied with the legislation on the notice period and 11 months if not;
- from 16 and above, a severance pay of 6 months is due if the employer has complied with the legislation on the notice period and 12 months if not.

### **13th Month**

- 13th month pay mandatory, as well as mandatory vacation and 14th-month bonuses. They are to be paid on Christmas, Easter, and summer vacation.



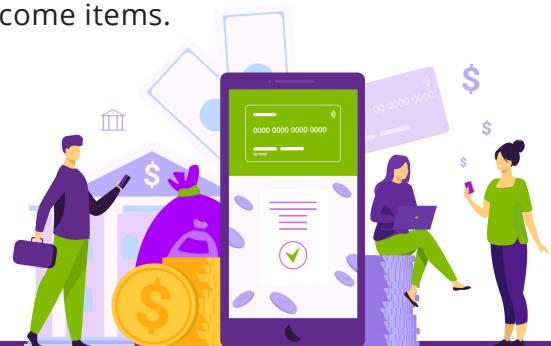


### Income tax scale (salaries, pensions, and business profits)

Amount of income (EUR)	Tax rate (%)	Corresponding tax (EUR)	Total income (EUR)	Total tax (EUR)
First 10,000	9	900	10,000	900
Next 10,000	22	2,200	20,000	3,100
Next 10,000	28	2,800	30,000	5,900
Next 10,000	36	3,600	40,000	9,500
Above 40,000	44			

## Income Tax

- Individuals who are tax residents of Greece are taxed on their worldwide income.
- Nonresidents are taxed on their Greek-source income only.
- Protection under a double tax treaty may be available if the individual can claim to be tax resident for the respective tax year of another country with which Greece has entered into a double tax treaty.
- Non-tax residents who earn income from Greek sources should obtain supporting documentation, such as a tax-residence certificate, from their home country to validate their nonresident status in Greece if requested to do so.
- Income subject to tax. The Greek Income Tax Code (Law 4172/2013) provides for the following four categories of income:
  - Employment and pension
  - Business income
  - Income from capital
  - Capital gains income
- Different tax rates apply to the categories. Some tax rates are progressive while others are exhaustive.
- Employees are subject to income tax on income derived from employment, which includes income from salaries, wages, allowances, pensions, stock-based compensation and any other payments periodically made in cash or in kind for services rendered and certain other income items.



## Social Security Contributions

- Several organizations administer the state social security system in Greece.
- In general, employed persons must participate in the Social Insurance Institute (IKA), which is financed by employer and employee contributions.
- Its benefits include pensions, medical expenses and long-term disability payments.
- Several other insurance organizations cover self-employed persons, depending on their trade or profession.
- The most common social security contribution package provides for employees' contributions at a rate of 15.75%, which is withheld from the gross salary, and employers' contributions at a rate of 24.81% of the gross salary.
- The maximum monthly amount subject to social security contributions is now EUR6,500.

### Social Security Contribution

Employer	24.81%
Employee	15.75%



## Deductible Expenses

- The income tax is reduced based on certain expenditures for annual personal living.
- More specifically, as of 1 January 2020, the maximum amount of tax reduction (applicable to salaried and pension income) is EUR 777 for income up to the maximum of EUR 12,000 for a single person or for a married person with no dependents.
- The maximum amount of tax deduction is increased by EUR 33 for a married person with one dependent (i.e. to reach a total tax deduction of EUR 810), by EUR 123 for a married person with two dependents (i.e. to reach a total tax deduction of EUR 900), by EUR 243 for a married person with three dependents (i.e. to reach a total tax deduction of EUR 1,120), by EUR 563 for a married person with four dependents (i.e. to reach a total tax deduction of EUR 1,340), and by an additional EUR 220 for each additional dependent.
- For salaried and pension income above EUR 12,000, the amount of tax deduction is reduced by EUR 20 for every EUR 1,000 of income.
- With effect from 1 January 2020, the amount of expenditure required to be paid by electronic means is amended, and, instead of the applicable progressive computation, it should be equal to 30% of the actual income from salaried employment, pensions, and business. The amount of the annual expenditure is limited to EUR 20,000.

- Nevertheless, the abovementioned rate will be limited to 20%, instead of 30% of the income, should payments for income and real estate tax as well as for loans to financial institutions and rentals exceed 60% of the taxpayers' actual income
- Certain expenses are deducted from the gross income to reach taxable income. These deductible expenses, provided for by specific provisions of the Greek ITC, mainly include the following:
  - Social security contributions mandatory by law.
  - Donations and grants of specific instances and to restrictively listed bodies and organizations. The maximum amount of deduction is 5% of the total taxable income.
- Foreign taxpayers who qualify as non-Greek tax residents may enjoy the tax reliefs of Greek tax residents provided that they maintain their residence in an EU or European Economic Area (EEA) country and (i) generate at least 90% of their worldwide income in Greece or (ii) are able to prove that their taxable income is so low that they would be entitled to tax relief in their country.





## Deductible Expenses

### Salaried and Pension Income: -

<b>For a single person or for a married person with no dependent</b>	<ul style="list-style-type: none"><li>The maximum amount of tax reduction is EUR 777 for income up to the maximum of EUR 12,000</li></ul>
<b>Married person with one dependent</b>	<ul style="list-style-type: none"><li>The maximum amount of tax deduction is EUR 810 for income up to the maximum of EUR 12,000</li></ul>
<b>Married person with two dependents</b>	<ul style="list-style-type: none"><li>The maximum amount of tax deduction is EUR 900 for income up to the maximum of EUR 12,000</li></ul>
<b>Married person with three dependents</b>	<ul style="list-style-type: none"><li>The maximum amount of tax deduction is EUR 1,120 for income up to the maximum of EUR 12,000</li></ul>
<b>Other</b>	<ul style="list-style-type: none"><li>The amount of deduction is increased by an additional EUR 220 for each additional dependent</li><li>For salaried and pension income above EUR 12,000, the amount of tax deduction is reduced by EUR 20 for every EUR 1,000 of income.</li></ul>
<b>Personal Deductions</b>	<ul style="list-style-type: none"><li>These deductible expenses, provided for by specific provisions of the Greek ITC, mainly include the following:<ul style="list-style-type: none"><li>o Social security contributions mandatory by law.</li><li>o Donations and grants of specific instances and to restrictively listed bodies and organizations. The maximum amount of deduction is 5% of the total taxable income.</li></ul></li></ul>



# Immigration

- EU nationals are not required to obtain residence permits to live and work in Greece.
  - However, EU nationals who intend to reside and work in Greece for more than three months must obtain a European Citizen Residence Card. This card, which may not be denied to EU nationals, is granted for an indefinite time period by the appropriate Police Department (Alien Bureau).
  - Non-EU nationals must obtain a residence permit.
  - Greek law provides for specific types of residence permits for non-EU nationals, which provide access to employment in Greece.
  - Consequently, a non-EU national does not need to obtain a separate work permit apart from the residence permit.
  - The competent authority for the issuance of a residence permit depends on the type of residence permit. For example, the Greek Ministry of Internal Affairs grants residence permits to members of boards of directors, administrators, legal representatives and higher executives of subsidiaries or branches of foreign companies exercising their commercial activities legally in Greece.
  - Residence permits are usually valid for one year and are renewable.
  - In addition, individuals who have adequate means to support their activities and who are engaged in activities that make a positive contribution to the national economy may be self-employed in Greece if they obtain an entry visa and file an application for a residence permit.
- Apart from the above, residence permits are available to non-EU citizens who will invest in Greece.
    - In this context, a residence permit is granted to a third-country national (non-EU) who purchases real property or enters into a time-sharing agreement or lease agreement under specific requirements set by the Greek Immigration Code.
    - The residence permit is granted for five years.
    - The residence permit may be renewed for an equal term if the property remains in the ultimate ownership and possession of the interested party and if the party complies with other provisions of the applicable laws.
    - The permit is granted if the interested party has been granted a visa (under certain conditions) and if the interested party has ultimate ownership and possession of the property in Greece, individually or through a legal entity of which the party is the sole owner of the respective shares or capital parts.
    - The minimum value of the property should be EUR250,000.
  - Under the Greek Immigration Code (Law 4251/2014), a Blue Card may be issued to highly specialized personnel (European Directive 2009/50/EC). The Greek Immigration Code has incorporated into the Greek legal framework the provisions of the EU Intercorporate Transfer Directive (Directive 2014/66/EU) on the conditions of entry and residence of third-country nationals in the context of an intra-corporate transfer.



Type of Visa	Documentation	Validity	Eligibility
<b>Residence Permit (employment)</b>	<ul style="list-style-type: none"> <li>Visa</li> <li>Passport plus photocopies</li> <li>At least two passport photographs</li> <li>Certificate of medical insurance</li> <li>Health Certificate from a state hospital (declaration that the applicant does not have any serious communicable diseases)</li> <li>Proof of local address (title deed or rental contract)</li> <li>Proof of ability to support oneself – job or resources</li> <li>Proof of payment of the required fee to the national tax office</li> </ul>	1 year (can be extended)	<ul style="list-style-type: none"> <li>Within 30 days of arrival in Greece, the visa holder must apply in person for a residence/work permit at the local municipal office.</li> <li>In some areas, application may be made at the police station.</li> <li>There are numerous types of residence permit available, depending on the applicant's circumstances (self-employed, consultant, employee, executive).</li> </ul>
<b>Residence Permit (Investor)</b>	<ul style="list-style-type: none"> <li>Visa</li> <li>Passport plus photocopies</li> <li>At least two passport photographs</li> <li>Certificate of medical insurance</li> <li>Health Certificate from a state hospital (declaration that the applicant does not have any serious communicable diseases)</li> <li>Proof of local address (title deed or rental contract)</li> <li>Proof of ability to support oneself – job or resources</li> <li>Proof of payment of the required fee to the national tax office</li> </ul>	5 years	<ul style="list-style-type: none"> <li>The permit is granted if the interested party has been granted a visa (under certain conditions) and if the interested party has ultimate ownership and possession of the property in Greece, individually or through a legal entity of which the party is the sole owner of the respective shares or capital parts.</li> <li>The minimum value of the property should be EUR250,000.</li> </ul>
<b>EU Blue Card</b>	<ul style="list-style-type: none"> <li>Valid passport</li> <li>Valid Visa for the purpose of highly-qualified employment</li> <li>Valid work contract for a highly-qualified post for at least one year</li> <li>Medical insurance</li> <li>Bachelors and Master's Degree</li> </ul>	2 years	<ul style="list-style-type: none"> <li>High skilled worker</li> <li>The gross annual salary resulting from the monthly or annual salary specified in the work contract or binding job offer must be equal to or higher than the relevant salary threshold defined by the Member State (at least 1.5 times the average gross annual salary in the Member State concerned).</li> <li>For 2015, Greece set the minimum salary threshold at: 30 675 EUR.</li> </ul>

## Value Added Tax (VAT)

- The standard VAT rate is 24% (applicable, inter alia, to all standard and processed foods, transportation services, food services, repair services, medical and dental services, and entertainment tickets [excluding theatre tickets]).
- A reduced VAT rate of 13% applies, inter alia, to fresh food, to care of children, the elderly, and the disabled, and to accommodation in hotels or similar establishments (including holiday accommodation and letting of places in camping or caravan sites).
- A super reduced rate of 6% for medicines of CN3003 and 3004, and vaccines of CN3002 intended for human consumption, is applicable.
- The aforementioned rate is also applicable for children's books, coloring and drawing books, newspapers, magazines, and theatre tickets.

VAT Rates	
Standard rate	24%
Reduced Rate	13%
Super Reduced Rate	6%



# Withholding Tax

## Dividends

- Dividends paid to nonresidents are subject to a 15% (final) dividend withholding tax (reduced from 15% for dividends received on or after 1 January 2019), subject to tax treaty relief.
- No withholding tax applies if the conditions of the EU parent-subsidiary directive satisfied (i.e. as 10% minimum shareholding for an uninterrupted period of at least 24 months) subject to the provisions of the anti-abuse rule.
- The same conditions of exemption apply to dividend distributions between domestic companies.
- No withholding tax is levied on distributions of partnerships that maintain simplified accounting books.

## Interest

- The withholding tax rate on interest payments to nonresidents is 15% (final tax), subject to tax treaty relief or cases where the interest is exempt under the EU interest and royalties' directive, as incorporated in the Greek tax legislation.

## Royalties

- Royalties paid to nonresident entities are subject to a 20% (final) withholding tax, subject to tax relief or cases where the royalties are exempt under the EU interest and royalties' directive, as incorporated in the Greek tax legislation.

## Technical service fees

- Fees for services relating to technical projects and paid to a nonresident entity are not subject to withholding tax (unless they are paid to a Greek PE that the entity maintains in Greece, where a 3% withholding tax applies).

WHT	
Dividends	• 15%
Interest	• 15%
Royalties	• 20%
Technical Service Fees	• N/A



## Termination

- As of May 2019, an employer must provide a valid reason when terminating an employee. Without a valid reason, the termination is considered invalid. In addition, the employee can contest and even reverse the termination and the burden of proof lies upon the employer.
- If the employment relationship is based on a fixed term contract, it can be terminated immediately without notice by either the employee or employer.
- However, a reason (i.e. breach of contract, failure to comply with the terms of the contract, etc.) is given.
- If no reason is given, the employee is able to make claim in court and is able to receive compensation for the wages that would have been received until the contract expiry date.
- If the employment contract is for an indefinite period, the length of the notice period depends on the length that the employee has been employed

## Statutory Benefits

- These refer to mandatory benefits as prescribed by law.
- These include annual leave, maternity leave, paternity and parental leave, sick leave, severance pay, notice period, public holidays, 13th and 14th month.
- Moreover, statutory benefits also include social security benefits.
- Social security benefits cover pensions, medical expenses, long term disability payments etc.

### Statutory Benefits

**Annual Leave**

**Public Holidays**

**Paternity Leave**

**Maternity Leave**

**Parental Leave**

**Sick Leave**

**Notice Period**

**Severance Pay**

**13th Month**

**14th Month**

**Social Security Benefits**





## **Payments and Invoicing**

- A taxpayer who is 18 or older must declare all of his or her taxable and exempt income to the tax authorities electronically.
- Tax returns must be filed by 30 June of the year following the relevant calendar year.
- Married persons, regardless of whether they file joint or separate tax returns, are taxed separately on all types of income.
- Tax liability is determined by deducting from the computed amount of tax any previous advance payments of income tax, any taxes withheld at source and any creditable amounts of foreign taxes paid.
- In addition, if the individual receives income from a business, 100% of the amount of a current year's income tax must be paid as an advance payment of the following year's tax liability.
- The amount of the advance tax payment reduces the following year's tax liability. Income tax is usually paid in three equal bimonthly installments.

## **Ease of Doing Business**

- The ease of doing business index is an index created by Simeon Djankov, an economist at the Central and Eastern Europe sector of the World Bank Group.
- Higher rankings (a low numerical value) indicate better, usually simpler, regulations for businesses and stronger protections of property rights.
- According to the World Bank Greece ranked 79th in the World in 2019 in terms of ease of doing business.

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**GX GLOBAL  
EXPANSION**  
An Equus Software Company