

New Draft Bill Proposing Changes to Tax Legislation

- A. New Tax Bill
- B. The Key Pillars of the Proposed Provisions

A. New Tax Bill

A draft bill of the Ministry of National Economy and Finance has been submitted to public consultation, entitled 'Measures to address the energy crisis and to strengthen citizens' disposable income, wage-related and tax provisions, regulations concerning the out of court debt settlement mechanism, public sector pension arrangements, provisions regarding the Hellenic Gaming Commission and the improvement of the regulatory framework for gaming activities, regulations concerning the Public Real Estate Company SA and other provisions'.

The principal provisions concern substantive amendments to the Income Tax Code, Law 4172/2013 (ITC), targeted modifications to the National Customs Code, Law 5222/2025 (NCC), and the establishment of a new tax framework governing the management of alternative investment structures.

B. The Key Pillars of the Proposed Provisions

Registration tax for hybrid vehicles – Amendments to the NCC:

1. The application of a uniform 50% reduction in registration tax for hybrid electric vehicles, irrespective of their carbon dioxide (CO₂) emission, is extended until 1 January 2027. The previous system of emission-based discount rates is abolished.
2. Hybrid electric vehicles with CO₂ emissions less than or equal to 75 g/km, imported during the period from 1 November 2025 to 31 May 2026 and not yet registered, are exempt from 75% of

the registration tax.

Increase of the unseizable bank account threshold:

1. The amount in bank accounts exempt from seizure is increased to €1.6k for all debts owed to the State and to financial institutions.

Violations and sanctions related to vehicles – Amendments to the NCC:

1. The commission of any of the following violations constitutes a simple customs infringement and entails administrative fines as follows:
 - a. For failure to comply with the special declaration submitted to the competent customs authority pursuant to Article 146 of NCC, a fine equal to 24% of the taxable value is imposed on the declarant, as determined in each case.
 - b. For used vehicles dispatched or transported into the territory of Greece from another EU Member State under the special VAT regime of Article 52 of the VAT Code (Law 5144/2024), where it is established upon audit that the sale was not carried out under that special regime, a fine three times 24% of the taxable value is imposed on the declarant as determined in each case.

Release of attachment orders on bank accounts for certified tax liabilities owned to the Tax Administration:

1. The attachment orders imposed on claims held by credit institutions or other liable entities established in Greece, acting as third parties, shall be released upon application by the debtor, provided that all of the following conditions are cumulatively met:
 - a. An amount corresponding to twenty-five percent (25%) of the total certified tax liability for which the attachment was imposed, including surcharges and late-payment interest, has been fully paid.
 - b. The remaining balance of the liability for which the attachment was imposed has been lawfully settled, either through suspension of payment or an instalment arrangement, pursuant to statute, judicial decision, or interim order, and any other overdue liability of the applicant—whether personal or arising from joint and several liability—not included in the attachment and certified to the Tax Administration up to the date of the application, has been duly paid or lawfully settled.

Extension of deadlines before the Committee for the out-of-court settlement of tax disputes:

1. Applications before the Committee may now be submitted until 31 December 2026, instead of 24 July 2026.

2. The request may concern only cases pending for hearing before the Council of State or the Administrative Courts, provided that they have not been heard by 30 December 2026, instead of the previous deadline of 23 July 2026.

New provisions on the alternative taxation regimes (Articles 5A and 5B of ITC – Non-Dom Regimes):

1. The deadline for payment of tax is extended. The lump-sum tax of €100k under Article 5A (and €20k per dependent relative) and the flat 7% tax under Article 5B are now payable in a single instalment by the last working day of December, instead of July.
2. The obligation to pay the first-year tax within 30 days is abolished. In Article 5A, the requirement to pay the lump-sum tax for the first year of inclusion within 30 days from the approval of the application is removed.
3. The deadline for submitting the application for inclusion by 31 March of the relevant tax year no longer applies.
4. The deadline for the Tax Administration to examine the application and to issue a decision is abolished.

Amendments regarding permanent establishment:

1. Facilities used exclusively for the purpose of regulatory compliance and supervision by competent authorities do not constitute a 'permanent establishment'.

Tax treatment of additional performance-based remuneration (carried interest) in Alternative Investment Funds Managers (AIFMs) and equivalent third-country investment vehicles:

1. Income arising from carried interest paid, pursuant to a contractual right, to employees of legal entities established in Greece that provide services to affiliated AIFMs, established in an EU Member State and subject to Directive (EU) 2011/61 of the European Parliament and of the Council, or to equivalent investment managers established in third countries, is taxed as a capital gain at 15%, provided that their registered seat is not located in a non-cooperative jurisdiction and they are supervised by a competent authority of their home country accredited by IOSCO.
2. The above income is taxed at a reduced rate of 5% if both of the following conditions are cumulatively met:
 - a. The individual enters into an employment relationship with the legal entity and on the basis of that employment, transfers their tax residence to Greece pursuant to Article 5C of the ITC (nomads' regime); and
 - b. The legal entity incurs annual expenses in Greece of at least €3m.

Tax treatment and permanent establishment of AIFMs in Greece:

1. Pursuant to the proposed provision, EU AIFMs and investment undertakings established in third countries are treated as transparent entities not subject to income tax in Greece. As of 1 January 2025, this provision also applies to investment undertakings established in third countries on condition that their statutory seat is not located in a non-cooperative state, and they are supervised, either directly or through their supervised manager, by a competent authority of the country of their seat, accredited to IOSCO.
2. The management, delegation of management or part thereof, and portfolio management, of EU Alternative Investment Funds (AIFs) and corresponding investment undertakings established in third countries whose statutory seat is not located in a non-cooperative state and which are supervised directly or through their supervised manager by a competent authority of the country of their seat, accredited by IOSCO, shall not constitute the exercise of effective management (i.e. permanent establishment) in Greece. Likewise, the above activities shall not constitute permanent establishment in Greece for foreign legal persons and entities in which the undertakings participate, directly or indirectly, by at least 95%, and which operate exclusively for the purpose of holding assets or investing capital for the benefit of those undertakings, as well as for the unitholders of those undertakings.
3. The provision of the above services by legal persons established in Greece shall not, in and of itself, be deemed to constitute a permanent establishment in Greece, for EU AIFs, corresponding investment undertakings and the other persons referred above.
4. The provisions of the ITC on permanent establishment shall not apply solely and exclusively in respect of activities carried out as EU AIFs and corresponding investment undertakings. Likewise, they shall not apply to the other persons referred above under 2.
5. Portfolio management and advisory services provided by legal persons established in Greece, acting in the ordinary course of their business, to:
 - a. EU AIFs falling within the scope of Directive 2011/61/EU and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (L 174); and
 - b. corresponding managers of investment undertakings established in third countries, provided that their statutory seat is not located in a non-cooperative state and that they are supervised by a competent authority of the country of their seat, accredited to IOSCO, shall not, for the managers referred to in points (a) and (b), constitute a permanent establishment in Greece.
6. The above provisions under 2 to 5 concerning the permanent establishment in Greece shall apply to tax years beginning on or after 1 January 2026.

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