New Tax Law 5246/2025

A. **New Tax Law**
B. **Amendments Relating to Income Taxation**
C. **VAT and Indirect Tax Measures**
D. **Investment and Development Incentives**

A. New Tax Law

1. On 7 November 2025, the Hellenic Parliament adopted the New Law 5246/2025 (the **Law**) entitled 'Tax Reform for Demographics and the Middle Class – Support Measures for Society and the Economy'.
2. The final version introduces certain modifications compared to the draft bill previously under consultation (please see our Tax Alert October 2025), thereby reshaping the scope and impact of the reforms.
3. An overview of the key changes introduced by the Law follows.

B. Amendments Relating to Income Taxation

1. Effective from the 2026 fiscal year, personal income tax rates are reduced as follows:
   a. All tax brackets applicable to employees and pensioners are reduced by two percentage points.
   b. A new 39% tax rate is introduced for income between €40,000.01 and €60k.
2. Incentives for electronic transactions are extended:
   a. The existing tax incentives for electronic transactions are extended until 2026.
   b. For the 2022 to 2026 fiscal years, payments of certain subcategories of expenses in Group 6 (Health), in respect of which electronic payment is not widespread, are calculated at double

their value to cover the required amount of expenditure when paid electronically.

c. For the 2022 to 2026 fiscal years, for the purposes of calculation of income tax, an amount equal to 30% and not exceeding €5k of the expenses incurred for certain services, is deducted from the taxable income of natural persons from salaried employment, pensions, business activities and real estate.

d. Effective from the 2025 fiscal year, new mothers are exempted from the minimum (deemed) net income requirement.

3. The annual objective expenditures effective from the 2025 fiscal year are reduced as follows:

a. The annual objective expenditure for main residences (owned, rented or provided free of charge), private-use cars and vessels is provided for. Specifically, in order to determine deemed income, the annual objective expenditure of passenger cars for private use is taken into account, for vehicles first registered in Greece or in another Member State of the European Union (EU) or the European Economic Area (EEA) up to 31 October 2010 and for motorhomes regardless of the year of first registration.

b. The minimum objective expenditure for dependent family members for determining the imputed income of the taxpayer, their spouse and dependents is abolished.

4. Income derived from real estate will be taxed separately under the following amended progressive scale:

Income Bracket (€)	Tax Rate
0–12k	15%
12,000.01–24k	25%
24,000.01–36k	35%
>36k	45%

5. The conditions for exemption from income tax on properties under long-term lease are extended and improved:

a. For the first 36 months following the month in which a lease agreement is concluded, the income of individuals derived from the lease of residences up to 120sqm is not taxed, subject to certain conditions.

b. This applies to leases concluded from the date of the law's publication in the Government Gazette (FEK).

6. Previous legal provisions for the gradual abolition of the annual real estate tax (ENFIA) are

extended:

a. to natural persons with respect to primary residences located in settlements with a population of up to 1,500 inhabitants (excluding the Region of Attica); and
b. to settlements in Western Macedonia, Evros, Central Macedonia, Eastern Macedonia and Thrace and Epirus border municipalities with up to 1,700 inhabitants.

7. The Law introduces reductions in the minimum deemed profit from the exercise of business activity:
   a. The reductions are granted to taxpayers who conduct their activity and have their primary residence in municipal communities or settlements with a population ranging from 500 to 1,500 inhabitants (excluding the Region of Attica).
   b. The population threshold for the reduction is set at 500 to 1,700 inhabitants for the Region of Western Macedonia, Evros Regional Unit and the municipalities of Central Macedonia, Eastern Macedonia, Thrace and Epirus that border the national frontiers.

C. VAT and Indirect Tax Measures

1. Effective from 1 January 2026, a 30% VAT reduction applies to islands in the North Aegean Region, Evros Regional Unit (Samothraki) and the Dodecanese, with a population of up to 20k inhabitants.
2. The VAT suspension on new buildings is extended until 31 December 2026.
3. The television subscription duty is abolished.

D. Investment and Development Incentives

1. A super-deduction incentive (100%) is introduced for investments in strategic defence and vehicle/aircraft manufacturing sectors based on activity codes.



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