# New Draft Bill Proposing Changes to Tax Legislation

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

## A. New Tax Bill

1. A newly introduced draft bill sets out the legislative amendments necessary to implement the announcements made by the Prime Minister during the 89th Thessaloniki International Fair (TIF).
2. The reforms aim to modernize the tax framework by addressing the demographic challenge, supporting families and the middle-income bracket, strengthening the income of young individuals and broadly enhancing social and economic prosperity.
3. An analysis of the main amendments 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.

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.** Provisions are made for the gradual abolition of the annual real estate tax (**ENFIA**), with primary residences located in settlements with up to 1.5k residents and in Evros Regional Unit now exempted from paying ENFIA.

## 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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