# Recent Developments in Tax Legislation

A. **Introduction**
B. **Increase in Expense Deduction**
C. **Reduction in the Rate of Tax Payable on Interest from Listed Corporate Bonds**
D. **Extension of Incentives for Angel Investors**
E. **Taxation on Real Estate Investment Companies (REICs)**
F. **Other Provisions**

## A. Introduction

1. New legislation relating to the taxation of capital markets has been introduced in the form of Law 5193/2025 (the **New Law**).
2. The objective of the New Law is to implement measures to develop the capital markets and provide strong tax incentives for investors.

## B. Increase in Expense Deduction

1. The New Law provides for an increased discount for expenses relating to the admission of micro, small and medium-sized entities to a regulated market, applicable to expenses incurred in the 2025, 2026 and 2027 tax years.
2. Expenses related to the listing of shares and other securities equivalent to shares in a regulated market are deductible from gross income at the time of their realization, increased by 100%. A threshold of €200k is provided for the benefit due to this increase.
3. The expenses which fall within this category include any arising within the context of admission for trading on a regulated market, such as:
   a. legal, financial and tax audits;

b. coordination and management by contractors/consultants;
c. taxes, fees and charges; and
d. prospectuses and the preparation of listing particulars.

4. The increased deduction does not apply to shares and other securities equivalent to shares in small and medium-sized enterprises held on the regulated market for less than 10 consecutive years from their admission.

## C. Reduction in the Rate of Tax Payable on Interest from Listed Corporate Bonds

1. Interest on listed corporate bonds paid to Greek tax resident individuals is taxed at 5%. The withholding tax rate is also set at 5% under the same conditions.
2. This reduction aims to contribute to the smooth operation of stock lending, particularly of failed trade settlements, and provides incentives for beneficiaries to make their shares available for lending.

## D. Extension of Incentives for Angel Investors

1. Incentives for angel investors to invest in companies included in a multilateral trading facility are extended further.
2. Individual taxpayers contributing capital as angel investors to companies included in a multilateral trading mechanism can deduct up to 50% from their taxable income. This deduction is applied pro rata per category of declared income for the tax year in which the contribution is made.

## E. Taxation on Real Estate Investment Companies (REICs)

1. The New Law attempts to rationalise the taxation system for REICs by introducing a distinct, straightforward and predictable system to make investment in real estate more attractive.
2. The issuance of shares by and transfer of real estate to, a REIC, are exempt from any taxes, fees, including the digital duty, contributions, rights or any other charges for the benefit of the State, legal persons governed by public law and generally third-party rights.
3. This exemption does not apply to income tax on capital gains resulting from the contribution of any type of asset by a third party, whether individuals or legal persons, to a REIC.
4. Transfers of rights in rem in real estate owned by REICs are subject to real estate transfer tax.
5. REICs are exempted from income tax on:
   a. income earned from domestic and foreign dividends, royalties and interest subject to specific exemptions; and
   b. interest on bond loans, provided that the securities from which the interest accrues have been acquired at least 30 days before the redemption of the coupon.

   In all other cases tax is withheld in accordance with the Income Tax Code.

6. REICs pay tax on the average of their investments plus available funds at current prices, as reflected in the semi-annual investment statements at a rate of 10% of the current European Central Bank (ECB) intervention rate (Reference Rate), increased by 1 percentage point.
7. Withholding tax on received dividends is offset against tax resulting from the declaration submitted by a REIC within the month of July which satisfies the tax obligations of the company and its shareholders fully. Any credit balance is carried forward to offset future declarations.
8. Dividends distributed to shareholders are not subject to withholding tax.
9. Properties owned directly or indirectly by subsidiaries of REICs (in which they directly or indirectly hold at least 70% of the shares or units established in Greece or in another EU Member State, the European Economic Area or a third country) are not taken into account when calculating the tax payable, provided that they are reported separately in the investment statements.
10. Tax incentives on corporate transformations also apply:
    a. to REICs which:
        i. are established either through the merger of two or more companies that own real estate, or through the division or spin-off of a branch that owns real estate; or
        ii. acquire real estate, either due to a merger through the absorption of another company that owns real estate, or due to the division or spin-off of a branch that owns real estate;
    b. to the contribution of assets in exchange for securities and the exchange of corporate shares, as well as to mergers and divisions of REICs.
11. Capital gains from the transfer of shares of REICs that are not listed on the Athens Exchange are exempt from income tax.

## F. Other Provisions

1. The time limit for the application of the retroactive VAT suspension on real estate transferred subject to the provisions of the Real Estate Transfer Tax is extended for another 6 months from its expiry, regardless of whether the building constructor has exercised the right to the suspension.
2. The Digital Duty on Transactions has been abolished for monetary amounts or subscriptions paid to chambers, associations, unions and societies by their members for their participation.



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