# Recent Developments in Tax Legislation

## Law 5135/2024 on Digital Duty on Transactions

1. By way of Law 5135/2024 (the **Law**) the Greek government abolished stamp duty, one of the oldest taxes in Greece, and replaced it with the Digital Duty on Transactions (the **DDT**).
2. DDT will be imposed on transactions and agreements from 1 December 2024 onwards, with a transitional period until 30 November 2024 during which time stamp duty will continue to apply to transactions and agreements.
3. The main criteria for the imposition of stamp duty were the territoriality principle and the existence of paper documents. With a view to catering for the needs of the digital era, the criteria for application of DDT are whether at least one of the contracting parties is a Greek tax resident or has a permanent establishment in Greece. In these cases, DDT will be imposed irrespective of the place of conclusion or execution of the agreement or transaction.
4. If the Law is interpreted rigidly, DDT is imposed only on transactions that are referred to in the Law and is not applicable to other transactions.
5. DDT is not imposed on transactions falling under the scope of:
   a. VAT;
   b. Inheritance, Gift and Parental Gift Tax Code;
   c. Real Estate Transfer Tax (*ΦΜΑ*);
   d. Special Tax on Banking Activities;
   e. Capital Concentration Tax.

6. DDT is not imposed on contractual interest (although it is not clear whether contractual interest is also excluded in the case of the enforcement duty), on bond loans under the Corporate Law 4548/2018 and bank loans.
7. The Law provides that the liable party declares and pays DDT but permits the contracting parties to decide on the allocation of DDT.
8. In the case of transactions with non-Greek residents or entities that do not have a permanent establishment in Greece, the Greek party is always liable to declare and pay DDT to the Tax Administration. The same liability also applies in the case of transactions where one of the contracting parties is the Greek State.
9. The Law introduces a 'blanket' provision stating that existing exemptions from stamp duty will continue to apply to DDT, even if such exemptions are included in other laws.
10. DDT also applies to ancillary agreements drafted to secure the main transaction, unless DDT for the main transaction has already been paid or the main transaction is DDT exempted. Any amount paid in respect of DDT in the context of the main transaction is deducted from any additional amounts that are payable for DDT.
11. DDT applies to penalty clauses.
12. Although DDT applies to transactions after 1 December 2024, stamp duty legislation (Presidential Decree of July 1931) is abolished as of 1 January 2025.
13. Under certain conditions, DDT also captures agreements signed outside Greece after the publication of the Law but before its enforcement.
14. The same transitional provision applies to renewals of agreements entered into before the enforcement of DDT.
15. Decision A. 1149/2024 of the Governor of the Independent Authority of Public Revenues (**IAPR**) details the type and content of the DDT declaration, the process, the way the declaration is submitted and delivered to the Tax Administration, and how to apply for refund of DDT.
16. Additional decisions of the IAPR are expected to provide clarifications on the imposition, exemptions and application of DDT.
17. Table A. below sets out the main transactions where DDT is imposed, as well as the respective tax rates.
18. In the case of transactions with the Greek State or the Mount of Athos, the other party is always liable for the payment of DDT.
19. Table B. below sets out the transactions with the Greek State subject to DDT.

TABLE A: MAIN TRANSACTIONS WHERE DDT IS IMPOSED AND RESPECTIVE TAX RATES

| Rate | Party Liable for the DDT | Tax Base | Remarks |
|---|---|---|---|
| Loans<br>Does not apply to loans from financial institutions, electronic money institutions or payment institutions, bond loans under Law 4548/2018 and in cases where the borrower is a legal entity and loan payments are made to its foreign permanent establishment in connection with the activities of that permanent establishment.<br><br>Does apply to credits equivalent to loans and credit cards and the conversion of outstanding debt arising from loans into new loans (capital and interest), on condition that the initial loan was not subject to DDT, or the DDT has been paid. | | | |
| 2.4% | – The debtor (borrower)<br>– If the debtor is not Greek tax resident, the Greek lender. | – The principal amount even if it exceeds the initially agreed amount.<br>– The total amount of the debt converted to a new loan in the case of debt conversion to a new loan. | – This rate applies in cases where one of the contracting parties is a legal entity (Greek or foreign) or when the loan is concluded between entrepreneurs.<br>– The Law introduces a threshold on the maximum amount of DDT due in the case of loans. In particular, DDT cannot exceed the amount of €150k per loan.<br>– DDT is not imposed on contractual interest. |
| Loans | | | |
| 3.6% | | | In any other case not included in the above. |
| Withdrawal loan accounts / current deposits | | | |
| 2.4% or 3.6% depending on the parties involved (as in the case of loans) | The party with a credit balance in its account | – The highest debit or credit balance for each tax year, after deducting the debit or credit balance carried forward from the previous year.<br>– Potential interest is not taken into | As in the case of loans, DDT cannot exceed the amount of €150k per tax year. |

| | | | |
|---|---|---|---|
| | | account for the purposes of DDT. | |
| Deposits and withdrawals to or from legal persons or entities performed by shareholders, partners or other persons | | | |
| – 1.2% for corporations, capital companies or partnerships established in Greece or abroad.<br>– 3.6% in any other case. | The legal person or entity whose funds are subject to deposits or withdrawals. | The amount of deposit or withdrawal. | Profits withdrawals are not included. |
| Remuneration for participation in BoDs, Councils and Committees | | | |
| 1.2% | | | |
| Real estate leases for commercial purposes | | | |
| 3.6% | The lessor | The agreed rental | Does not apply to residential leasing. |
| Transfer of businesses as a going concern | | | |
| 2.4% | The seller | The agreed consideration (unless the net equity of the transferred business is higher). | The parties may agree on a different allocation of DDT. |
| Transfer of passenger vehicles used for the operation of business | | | |
| 2.4% | The seller | The agreed consideration | |
| Settlement Agreements | | | |
| 2.4% or 3.6% based on the cases set out above under Loans | The debtor | The agreed amount (contrary to the previous provisions of stamp duty). | |

| | | | |
|---|---|---|---|
| Remuneration of board members of SAs (Sociétés Anonymes), managers of limited liability companies and private companies, general partners, cooperatives, associations. | | | |
| 1.2% | The payer of the remuneration | The amount of the fee | DDT should be calculated before the deduction of any withholding tax. |
| Fees paid as consideration for services provided in the context of a legal or contractual obligation (but not in the context of an employment agreement) and are not subject to VAT. | | | |
| 3.6% | The payer of the remuneration | The amount of the fee | DDT should be calculated before the deduction of any withholding tax. |
| Any type of compensation including compensation awarded by a court decision. DDT does not apply to insurance compensation, work accident compensation or the termination of employment relationships. | | | |
| 3.6% | The beneficiary of the compensation | The amount of the compensation | |
| Sale of movable or intangible assets subject to VAT | | | |
| – 2.4% on vessels and floating means when one contracting party is a legal entity.<br>– 3.6% in any other case. | The seller | The agreed consideration | |
| Default interest, interest awarded by court decisions or arising from enforcement orders. | | | |
| 3.6% | The recipient of the interest | The amount of the interest | – Any interest agreed by the parties to an agreement is excluded from DDT (contractual interest).<br>– It remains to be clarified whether contractual interest paid in the context of enforcement orders is subject to DDT despite the exemption provided in the context of the agreement. |

| | | | |
|---|---|---|---|
| Bank cheques submitted to financial institutions for collection, pledging or safekeeping. | | | |
| 3% | The bearer of the check | The total value of the checks recorded in the check register | The financial institution is obliged to submit the respective DDT return and pay DDT to the Greek State. |
| Debt Forgiveness | | | |
| 2.4% or 3.6% depending on the parties involved (as in the case of Loans) | The party benefiting from the debt forgiveness | The amount of the transaction | |
| Acknowledgment of debt or the abstract promise | | | |
| 2.4% or 3.6% depending on the parties involved (as in the case of Loans) | The party acknowledging the debt or making the promise | The amount of the transaction | |
| Assumption of debt or assignment of claim | | | |
| 2.4% or 3.6% depending on the parties involved (as in the case of Loans) | The party that assumes the debt or assigns the claim. | The amount of the transaction | |
| Consignment | | | |
| 2.4% or 3.6% depending on the parties involved (as in the case of loans) | The custodian | The amount of the transaction | |

| In the case of registration with the Cadastre, DDT is imposed on property leases with a duration exceeding 9 years, or registrations of mortgages or conversions of mortgage pre-notations into mortgages | | | |
|---|---|---|---|
| – 1.2% on registration of lease contracts<br>– 3.6% on mortgage registrations or conversions of mortgage pre-notations into mortgages | | | DDT is not imposed on mortgage registrations, pre-notations of mortgage conversions to secure collection of debts to the Tax Administration, social security funds, financial institutions and bond loans under Law 4548/2018. |

TABLE B: TRANSACTIONS WITH THE GREEK STATE THAT ARE SUBJECT TO DDT

| Transaction | Rate |
|---|---|
| Real estate leasing where the Greek State or a general government entity is the lessor or lessee. | 3.6% |
| Compensation from or to the State and general government entities. | 3.6% |
| Grants, subsidies or financial aid from the Greek State. However, grants, subsidies or financial aid in the context of investment and development programs or Public Investment Programs funded by the Greek State or the EU are excluded from DDT. | 3.6% |



## KEY CONTACTS

**Fotodotis Malamas**
Partner
fmalamas@bernitsaslaw.com

This Briefing is intended to provide general information and is not meant to constitute a comprehensive analysis of the matters set out herein or to be relied upon as legal advice. It is not meant to create a lawyer-client relationship. Legal and other professional advice should be sought before applying any of the information in this Briefing to a specific situation.

Bernitsas Law Firm is a partnership of attorneys regulated by Presidential Decree 81/2005 and Law 4194/2013, as currently in force, with its registered address at 5 Lykavittou Street, Athens 106 72, Greece. If you no longer wish to receive Briefings from us, please click here to Unsubscribe.