

New Tax Law 5162/2024

- A. Introduction
- B. Tax Provisions on Business Transformations
- C. Tax Provisions on Individuals
- D. Tax Incentives on Research and Development
- E. Real Estate Taxation
- F. Closed-Ended Venture Capital Mutual Funds
- G. Other Tax Provisions

A. Introduction

1. Comprehensive legislation has been introduced in the form of new tax Law 5162/2024 (the **New Law**) entitled Measures for Income Enhancement, Tax Incentives for Innovation and Business Transformations and Other Provisions.
2. The objective of this New Law is to implement measures to:
 - a. enhance taxpayer income;
 - b. develop the economy;
 - c. provide incentives for research and development;
 - d. strengthen investments in start-ups; and
 - e. create a unified legislative framework for corporate transformations.It also aims to improve the operation of the income tax return submission system and the tax mechanism.

B. Tax Provisions on Business Transformations

1. A new tax framework is introduced for corporate transformations, in compliance with the

corresponding corporate framework (Law 4601/2019) and the EU Tax Merger Directive on the common tax regime for cross-border transformations. Significant provisions of the New Law follow.

2. Both domestic and cross-border corporate transformations are included and there are no restrictions regarding the size of the legal entities participating in the transformation or the minimum share capital required for such transformation.
3. The New Law applies to the contribution of a branch to a legal entity, the exchange of shares between a domestic and a third country (non-EU) company and the contribution of a sole proprietorship or partnership to an existing or new company.
4. The main provisions relevant to Business Transformations include:

Transaction Type	Provision
mergers, spin-offs, and conversions	– Assets and liabilities transferred to the surviving company due to universal succession are recorded in the books of the surviving company at the tax value they had immediately prior to the transformation in the books of the transferring company.
shareholders or partners of the companies involved	– The shares received from the surviving company will be valued at their market value at the time of the transformation. – Effectively shareholders or partners are exempted from any capital gains arising from the transformation. – The exemption does not apply if the shareholder or partner transfers the acquired corporate shares within two years from the completion of the transformation. – In this case the acquisition cost of the shares is the value of the shares prior to the transformation.
other shareholders or partners and companies involved	– Any applicable tax exemptions remain unaffected. – The exemption applies regardless of the tax residence of the shareholders or partners, and whether they are individuals or legal persons or tax residents of the EU or of third countries.
spin-off of a branch	– The transferring company will value the shares received from the surviving company at the market value these shares had at the time of the completion of the spin-off. – An exemption for any capital gains arising from the transformation is provided, subject to the same two-year holding period requirement.
exchange of	– The valuation rule applies to the acquiring company.

corporate shares	– The exemption of the transferring company from income tax for any capital gains that may arise from the valuation based on corporate law provisions is final.
merger, spin-off, conversion or exchange of corporate shares	– For the purposes of taxation of capital gains, the neutrality of the transformation is ensured through the exemption from income tax for the surviving company at the time of the merger or spin-off, effectively deferring the tax obligation of the surviving company.
shareholders or partners of the companies	– Are fully exempted from income tax on capital gains arising at the time of the transformation. – This is a final exemption and is not deferred for future taxation.
exchange of shares	– The exemption from income tax at the time of the exchange applies to any capital gains payable by the shareholder or partner of the acquired company due to the contribution.
potential merger, division or conversion	– Does not increase the taxable value of the assets of the surviving company transferred to the receiving company or, in the case of a conversion, the assets that remain in the company under its new legal form.
surviving company	– Depreciates the assets received from the contribution at the same tax value they had in the contributing company and according to the rules that would have applied if the transformation had not taken place. – May also carry forward tax losses of the contributing company and any reserves and provisions registered by the contributing company under the same conditions that would have applied to the contributing company if the transformation had not occurred.
cross-border transformations	– Are in compliance with the EU Tax Merger Directive e.g. either tax exemption or credit of notional tax that would have been paid abroad in the case where the assets contributed include assets located in a third Member State (i.e. beyond Greece and the Member State of establishment of the contributing or receiving company, as applicable).
transparent legal entities	– Article 11 of the Council Directive 2009/133/EC (L 310) is transposed to domestic legislation. – Under this provision the tax liability for income tax lies with shareholders/partners and not the transparent legal entities themselves.

'branch of activity' required for partial demergers and spin-offs	– The definition is broadened and now encompasses the entirety of the assets and liabilities of a division of a company or the specific, designated assets along with the corresponding liabilities that constitute an autonomous operation. – This is defined as a unit capable of functioning independently, regardless of whether it generates income from its operations prior to the transformation.
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5. A unified anti-abuse rule against tax avoidance is introduced for the removal of benefits, and it now explicitly covers all tax benefits, including all tax exemptions.
6. Any and all laws introducing incentives on business transformations are abolished¹ but the abolished tax provisions remain applicable for transformations commenced before the publication of the New Law on 5 December 2024.
7. To determine whether a business transformation has commenced before the application of the New Law, the date of the decision of the relevant corporate bodies or the draft agreement required for the initiation of the transformation is considered. Transformations for which a decision of the competent corporate body has been published or a draft agreement has been drawn up, may be subjected to the provisions of the New Law, provided that the decisions and/or agreements are carried out again after the New Law's provisions come into effect.

C. Tax Provisions on Individuals

1. The New Law introduces extensive provisions applicable to individuals, some of which follow:

Item	Provision
entrepreneurship duty for self-employed and freelancers	– This is abolished with effect from the 2024 tax year.
voluntary cash gifts from employers for newborn children	– These are tax exempted with effect from the 2024 tax year on condition that the gift does not exceed €5k per year per dependent child, it is paid within a 12-month period from the birth of each child, and no salary reduction occurred 6 months before or 6 months after childbirth.

¹ These are L.D. 1297/1972, Art. 1–4 of Law 2166/1993, Law 2578/1998 on cross-border transformations and Art. 52–56 of Law 4172/2013, Art. 61 of Law 4438/2016.

tips	– These are exempted from income tax, specifically tips voluntarily paid by customers directly to employees up to €300 a month.
minimum net income of freelancers and sole proprietors	– The method for calculation is amended, specifically if the sum of: - o the minimum statutory salary provided by labour law; and - o any additional increases provided by the New Law, does not exceed the amount of €30k and the employee with the highest salary exceeds this base, the minimum income of the taxpayer (Deemed Income) subject to income tax is €30k. – Reductions in the minimum net income from business activities are extended to municipal communities with fewer than 1,500 residents.
salaries of doctors and other personnel of the National health system	– These are strengthened through the separate taxation of the fees they receive for on-call duties (<i>εφημερίες</i>). – Specifically, any remuneration received for on-call duties is taxed at a rate of 22%, separately from other income. – This exhausts any other tax liability relating to this income.
insurance premium tax	– This is abolished on health insurance policies for children up to 18 years old.

D. Tax Incentives on Research and Development

1. Additional incentives for scientific and technological research (R&D) are provided for by the New Law. In particular, R&D expenses paid for the provision of work or services to:
 - a. businesses registered in the National Register of Startups;
 - b. research centres, institutes or bodies; or
 - c. university centres or research institutes,
are deductible from the gross income of these businesses in the year they are incurred, increased by 150%. This incentive also applies to the depreciation of equipment and instruments used for R&D.
2. Additional tax incentives are introduced for angel investors in startup companies established in Greece with the maximum investment limit increased from €300k to €900k. This also applies to investments in Venture Capital Mutual Funds (VCFs).

E. Real Estate Taxation

1. The VAT suspension on new buildings is extended until 31 December 2025 and the suspension of 15% capital gains tax arising from the transfer of real estate is extended until 31 December 2026.
2. A tax exemption on income from long-term leases is introduced. In particular in the case of rented residences:
 - a. of up to 120 sqm;
 - b. declared vacant in 2022, 2023 and 2024 (if the lease is entered into in 2025) or available on a short-term lease platform (such as Airbnb) in the 2023 tax year (or 2024 if the lease is entered into in 2025); and
 - c. with a lease agreement of a minimum duration of 36 months and signed between 8 September 2024 and 31 December 2025,the income from the long-term lease is tax exempt for 36 months from the signature of the lease agreement.
3. The reduction in Annual Real Estate Tax (**ENFIA**) is doubled, with the reduction of ENFIA increased from 10% to 20% for residences owned by individuals with a taxable value of up to €500k and insured against natural disasters.
4. The New Law introduces restrictions on short-term rentals to specific areas in Athens. The short-term rental of residences within the boundaries of the first, second or third municipal districts of the Municipality of Athens is not permitted during the 2025 tax year. In the case of infringement of this provision, an administrative fine equal to 50% of the income generated from short-term rental is imposed on the owner, tenant, usufructuary, subtenant or third-party manager who engages in short-term rental of a property. This restriction applies regardless of whether the rental is arranged through a digital platform or by other means. The fine cannot be less than €20k and applies from 1 January 2025 until the tax audit, but is calculated with reference to the period between 1 January 2025 to 31 December 2025. If another violation is found within the same tax year, a fine equal to the amount of rental income collected from the previous to the new audit, but no later than 31 December 2025 will be imposed and will not be less than €40k.

F. Closed-End Venture Capital Mutual Funds

1. A new method of taxation is introduced for Closed-End Venture Capital Mutual Funds (**ΑΚΕΣ**), which is calculated based on the difference in the value of the equity shares as of 31 December of each tax year compared to the acquisition value of these shares.
2. The applicable rate is 5% of the prevailing interest rate for the main refinancing operations of the Eurosystem of the European Central Bank. With the payment of this tax, all tax obligations of the shareholders are satisfied, including any capital gains tax at the time of transferring the

shares to third parties.

G. Other Tax Provisions

1. The New Law introduces a new framework for the submission of tax returns:

individuals and legal entities and persons	– Must submit income tax returns for the previous tax year between 15 March and 15 July.
individuals participating in legal entities that maintain revenue-expenses books	– Must submit income tax returns for the previous tax year by the last working day of July.
individuals and legal entities and persons	– Must pay income tax in one instalment by 31 July to benefit from a discount of: ○ 4% if the return is submitted by 30 April; ○ 3% if the return is submitted by 15 June; and ○ 2% if the return is submitted by 15 July.
individuals participating in legal entities that maintain revenues-expenses books	– Must pay income tax in one instalment to benefit from a discount of: ○ 4% if the return is submitted by 30 April; ○ 3% if the return is submitted by 15 June; and ○ 2% if the return is submitted by the last working day of July, provided that the total tax is paid by the due date of the first instalment.
public sector entities and credit institutions	– Must register in a special registry and submit the necessary data in a timely manner to pre-fill taxpayers' tax returns. – An administrative penalty is imposed in the case of failure to register in the registry or if the financial data is not sent on time.
individuals, excluding public sector entities	– An administrative penalty is imposed also in the case of failure to transmit or submit data to the tax administration that is necessary for pre-filling taxpayers' tax returns.
sole shareholders and partners	– For the purposes of contribution by an individual of shares or other securities to a legal person or entity, of which the individual is the sole shareholder or

	partner in exchange for shares or corporate stakes of the receiving entity, it is no longer a stipulation that the receiving entity is engaged in commercial, productive or agricultural activities, or the provision of services. – The requirement that the registered seat of the receiving company is in a tax-cooperative jurisdiction is maintained and an additional requirement is introduced for the contributor to retain the securities acquired for a period of at least 24 months prior to their transfer.
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2. The participation exemption has been extended to cover income from capital gains and dividends arising from participation in non-EU legal entities. The participation exemption applies on condition that the non-EU legal entities are not registered in non-cooperative jurisdictions. From 1 January 2025, legal entities can deduct any losses arising from the transfer of titles on condition that:
 - a. they have been valued by 31 December 2023;
 - b. they have been registered in the books of the legal entity included in the financial statements audited by certified public accountants; and
 - c. they are final by 31 December 2026.

The lower of the estimated amount of losses and the actual amount at the time of the transfer is deductible.
3. Any debt write-off towards credit or financial institutions effected by legal entities is not subject to income tax.
4. A cruise tax is imposed for the benefit of the State on passengers disembarking at the country's ports from cruise ships conducting sightseeing trips (cruises). The tax is imposed per passenger and per port.
5. Connections provided through fiber optic networks with speeds of 100 Mbps are exempt from the fixed-line telephone subscriber fee. This provision applies to bills issued from 1 January 2025 onwards.
6. A full exemption from taxation on income derived from the exploitation of patents is provided for the first 3 years. This exemption is supplemented by an additional 10% tax exemption on profits from the exploitation of patents for the following 7 years. The regulation applies starting from the 2025 tax year.
7. In the case of settlement of unpaid tax debts by respective legal entities or persons, the individuals that are held jointly liable for such debts may apply for the continuation of the

settlement in order to pay the remaining balance to the State. If the persons who are jointly liable to submit a request to reinstate their debts in the arrangement within 3 months from the failure of the arrangement, no interest, surcharges or penalties will apply to the individuals. Interest, surcharges and penalties will continue to apply to the legal entity or person.

8. The abolition of the Presidential Decree of 1931 regarding stamp duty will take effect from 1 December 2024 and not from 1 January 2025 as provided for in Law 5135/2024.



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