

## TAX BRIEFING: Monthly Insight

# Recent Developments in Tax Legislation

### In This Issue

- A. Circular E.2208/2020 Provides Guidelines on the Tax Treatment of Stock Options and Share Plans Provided to Employees and Executives**
- B. Decision A.1267/2020 Provides the Updated List of Preferential Tax Regime Countries for 2019**
- C. Circular E.2197/2020 Clarifies the Taxation of Benefits in Kind and Tax Exemptions Related to Salary Income**
- D. Circular E.2206/2020 Provides Guidelines on the Depreciation of Electric Vehicles, Assets Under Financial Leasing and Company Vehicles of Zero or Low Emissions**

#### A. Circular E.2208/2020 Provides Guidelines on the Tax Treatment of Stock Options and Share Plans Provided to Employees and Executives

1. By virtue of Law 4646/2019 and Law 4714/2020 (see our *December 2019 and July 2020 Monthly Tax Briefings respectively*), under certain conditions, capital gains deriving from stock options and share plans are subject to capital gains tax (currently at the rate of 15%).
2. Circular E.2208/2020 (the Circular) provides guidelines and examples for the implementation of this specific tax regime on stock options and share plans.
3. Stock options are subject to capital gains tax (15%) on condition that the shares will be transferred after the lapse of 24 months from the date of acquisition (or 36 months in the case of newly established legal entities). Should the shares be transferred within 24 months (or 36 months respectively), any potential income will be subject to payroll tax. In this regard, the taxpayer must include in their annual income tax return of the tax year that the disposal of shares was realized:
  - a. any income arising on the date that the stock option right was exercised; and

- b. any income realized from the transfer of the shares, to be taxed either as salary or as capital gains depending on the holding period (24 or 36 months).
4. Any income from the sale of shares is also subject to a solidarity contribution.
5. Capital gains tax at 15% also applies to share plans awarded for the achievement of performance goals or upon the occurrence of a specific event, which applies without the time constraints provided for stock option plans.
6. The Circular also details the calculation method of capital gains deriving:
  - a. from the free granting of shares within the framework of the share plan; and
  - b. from the subsequent disposal of shares by the taxpayer.
7. The new provisions apply from 1 January 2020.

#### B. Decision A.1267/2020 Provides the Updated List of Preferential Tax Regime Countries for 2019

1. The Independent Authority of Public Revenues (ΑΑΔΕ) issued an updated list of preferential tax regime jurisdictions.
2. The list of the preferential tax regime jurisdictions is as follows:

1. St Eustatius	15. Ireland
2. Albania	16. Qatar
3. Anguilla	17. Kosovo
4. Andorra	18. Cyprus
5. Vanuatu	19. Liechtenstein
6. Bermuda	20. Macau
7. North Macedonia	21. Republic of Maldives
8. Bosnia-Herzegovina	22. Montenegro
9. Bulgaria	23. Republic of Moldova
10. British Virgin Islands	24. Monaco
11. Gibraltar	25. Montserrat
12. Guernsey	26. The Bahamas
13. United Arab Emirates	27. Bahrain
14. Hashemite Kingdom of Jordan	28. Belize
	29. Bonaire

# BERNITSAS briefing

30. Nauru	36. Uzbekistan
31. Cayman Islands	37. Paraguay
32. Marshall Islands	38. Saudi Arabia
33. Turks and Caicos	39. Sri Lanka
34. Isle of Man	40. Jersey
35. Hungary	

## C. Circular E.2197/2020 Clarifies the Taxation of Benefits in Kind and Tax Exemptions Related to Salary Income

1. In general, benefits in kind of value exceeding the amount of €300 are subject to income tax as income from salary. In this case, only the amount exceeding the €300 threshold will be taxed in accordance with the progressive payroll tax scale.
2. Persons liable for the payment of income tax on benefits in kind are:
  - a. employees;
  - b. executives;
  - c. shareholders;
  - d. partners; and
  - e. their relatives.Relatives are considered:
  - a. spouses or partners;
  - b. ascendants; and
  - c. direct descendants.
3. The use of company vehicles by employees, shareholders and partners is also considered a benefit in kind. The calculation of the taxable amount is based on the retail price of the vehicle and a specific progressive scale.
4. A tax exemption is provided for tool-cars, test-drive vehicles, mini-buses, replacement vehicles and ground vehicles.
5. Specific tax exemptions are provided for:

- a. expenses related to the electric charging of vehicles;
  - b. the use of electric company vehicles; and
  - c. the employer's cost incurred for the electric charging of company vehicles used by employees.
6. In accordance with Ministerial Decision POL.1034/2014, the difference between the agreed interest and the average market interest is considered as taxable interest on loans granted by legal entities to employees. The loan may be agreed between the legal entity and the employee and may not be backed by a specific agreement but sufficient evidence should be provided by accounting entries, payment slips or emails.
  7. Advance payments to employees are not treated as loans to the extent that no salary is paid to the employee for the respective months until the advances are fully repaid.
  8. The new provisions for the benefits in kind apply from 1 January 2020.

## D. Circular E.2206/2020 Provides Guidelines on the Depreciation of Electric Vehicles, Assets Under Financial Leasing and Company Vehicles of Zero or Low Emissions

1. The concept of financial leasing is aligned for tax purposes with the IFRS and the Greek GAAPs. The previous regime did not provide for compliance with the IFRS.
2. Zero or low emission means of transport of goods and passengers are depreciated at higher tax rates (50% and 25% respectively) as an incentive for legal entities to gradually replace ordinary company vehicles with zero or low emission vehicles.
3. For the same type of vehicles, a super-deduction is also provided for and is calculated on the amount of the annual depreciation that corresponds to the retail price before taxes of the vehicle.

## Contacts



**Panayotis Bernitsas**  
Managing Partner  
E pbernitsas@bernitsaslaw.com



**Fotodotis Malamas**  
Counsel  
E 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](#)