

The Greek Parliament passed the new tax bill introducing, among others, changes affecting the Greek tax treatment of individuals. Highlights are summarised in this newsletter.

Tax incentives to HNWIs for Greek tax residency

The new law introduces a special tax regime for HNWIs, who transfer their tax residence in Greece and invest on Greek assets of significant value. The special tax regime aims to create an attractive tax environment for HNWI investors in a similar way to the Italian *Substitute Tax* regime. Please see below the key aspects of the new tax regime.

- The special tax treatment is extended to close relatives with the payment of an annual one-off tax of Euro 20,000 per person
- Assets located outside Greece are exempt from the Greek inheritance/gift tax
- The funds imported in Greece are not required to be justified
- Foreign-sourced income is not reportable

The expected volume of annual non-Greek revenues and the final tax obligation, as well as the succession plans of the individual, should be reviewed before the filing of the application.

Conditions

- Tax residence outside Greece for 7 out of the last 8 years
- Investment of a minimum value of Euro 500,000 in Greek real estate property, securities and companies. Non-EU citizens with a residence-by-investment visa are excluded from the investment obligation

Special tax treatment

- Greek tax liability on the foreign source income is exhausted with the payment of an annual one-off tax of Euro 100,000

Maximum duration

- 15 tax years

Application procedure

- Filing of an application by 31 March of the relevant tax year
- Approval of the application by the Greek tax authorities within 2 months from its filing
- Notification to the foreign tax authorities regarding the transfer of the applicant's tax residence in Greece
- Payment of the annual tax within 30 days from the date of the application approval

Statute of limitation (“SoL”): Shortened or Extended?

The standard 5-year SoL remains in force, extended by one year (5+1), in the event of tax filings taking place on the last year of the relevant prescription period.

The standard 5-year SoL is extended by one year (5+1) also in the event that tax authorities receive “new” data during the fifth (5th) year of the relevant prescription period.

A 10-year SoL is introduced for fiscal years 2018 onwards, applicable in the event that (i) the relevant tax return has not been filed or (ii) where the tax authorities receive new information after the expiry of the standard time limit.

The 20-year SoL is limited down to 10 years in the event of tax evasion committed during fiscal year 2012-2017.

The 20-year SoL with respect to tax evasion is abolished for years 2018 onwards.

The new statute of limitations seems to have a retroactive effect to an extent and therefore their impact should be reviewed for taxable events occurred in the past.

Taxation of bareboat charterer and ship lessee companies

The new law extends the scope of application of tonnage tax to companies chartering bare vessels (bareboat charterer) or companies leasing vessels (ship lessee) under a foreign flag, provided that such vessels are managed by Greek or non-Greek ship management companies with a Greek office of L. 27/1975. In such case, the declaration and payment of the corresponding tonnage tax is performed by the ship management company in the name and on behalf of such companies.

The tonnage tax exhausts any tax

obligation of the bareboat charterer or ship lessee company, as well as of any interposed holding company, in connection with income earned from the exploitation of the vessel.

The new law extends the tax exemptions applicable to the ultimate shareholders of ship owning companies to the shareholders of the bareboat charterer and ship lessee companies. Such exemptions concern any distributed profits or dividends deriving from the vessel, as well as the transfer, by any reason, of shares of such companies.

Finally, ship leasing companies are expressly excluded from the scope of the above tax regime.

The new provision extends the special shipping tax regime to alternative financing and operating trends of the shipping industry, which were not covered under the previous regime.

New tax regime for stock options

According to the new law employees will be taxed only at a 15% income tax rate on their capital gains from the sale of shares, provided that the employee does not transfer the shares within at least two (2) years from their acquisition. Taxable capital gain is defined as follows:

1. With respect to the listed shares,

the difference between the market price of the shares upon sale and the offering price

2. With respect to the non-listed shares, the difference between the acquisition price and the sale price.

A special provision is included in case of stock options granted by non-listed start-ups qualifying as small or very small companies. In such case, the

Provided that the conditions of the new provision are met, stock option plans become an attractive reward for both employees and executives.



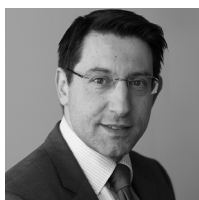
employee is subject to 5% capital gains tax upon the sale of the shares provided that the following conditions are cumulatively met:

a. The stock options are acquired within five years from the establishment of the company;

b. The company has not been established through a merger and no profit distributions have taken place;

c. The employee holds the shares for at least three (3) years prior to disposal.

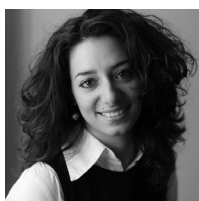
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