

LEGAL INFORMATION DATA BASE (INTRASOFT INTERNATIONAL)

Alternative income taxation emerging abroad regarding natural persons who transfer their tax residence in Greece

1. The tax payer , natural person, who transfers his tax residence in Greece is able to appertain to an alternative taxation type, as it is defined in paragraph 2, regarding the income which emerges abroad as per the meaning of paragraph 2 , article 5, provided that overall:

a) He was not a tax residence of Greece during the previous consecutive seven years (7) out of eight (8) years prior to the transfer of his tax residence in Greece and

b) He proves that he invests himself or his relative person , according to the meaning of case 6 (in Greek στ') of article 2 b) He can prove that he invests, himself or his relative, as per the concept of case 6 (στ') or via the legal person or the legal entity to whom or which, correspondingly, he has the majority of equities or shares relevant to properties or enterprises or securities or equities or shares of legal persons or legal entities seated in Greece. The amount of the specific investment cannot be less than five hundred thousand euro (500.000). The investment must be completed within three (3) days from the submission date of the relevant application according to paragraph 3.

It is not required the prerequisite of case b' to be applicable, provided that it refers to a natural person who has acquired and retains a residence permit due to investment activity in Greece according to the provisions of article 16 under L. 4251/2014 as it is currently in force.

The aforementioned natural person is subject to tax for the taxable income which emerges in the domestic country as per the meaning of paragraph 1, article 5 in compliance with the general provisions of the Code hereof.

2. Provided that it is admissible, according to the procedure which is stipulated in paragraph 3, the subsumption of the taxpayer into an alternative type of taxation regarding the emerging income abroad, the natural person pays each tax year as a flat tax the amount of one hundred thousand euro (100.000) regardless the height of the income which was acquired abroad. The natural person is able to request the extension of the implementation, which is relevant to the specific article, to his relative person, as per the concept pertinent to case 6 (in Greek:στ') of article 2. Upon this case a tax is paid of height estimated at twenty thousand euro (20.000) for each relative and the provisions of the taxation regarding donations, inheritances and parental benefits are not implemented. The taxation pertinent to this

paragraph is paid each tax year in one (1) installment until the last working day of the month July and is not offset with other tax obligations or any other credit balances which are included in the relevant alternative taxation type. Any tax which may have been paid by the natural persons themselves abroad regarding the incomes which appertain to the alternative taxation type, does not offset with any other tax obligation of theirs in Greece.

For the first year of inclusion into the provisions hereof, the natural person is obligated to pay the amount which corresponds to the flat tax within thirty (30) days upon the approval of his application according to paragraph 3.

3. The application as regards to the tax residence transfer pertinent to the inclusion to the alternative type of income taxation which emerges abroad, according to the article hereof, is submitted by the natural person to the Tax Authority until the 31st of March of each tax year. According to the article hereof, natural persons who fulfill the conditions pertinent to paragraph 1 and who have already transferred their tax residence in Greece within the previous fiscal year, they are able to submit an application for the inclusion to the alternative taxation type within the aforementioned same deadline. Within sixty (60) days upon the submission of the application the Tax Authority examines the application and issues a decision according to which it is approved or dismissed. Upon the approval of the tax payer's application a tax assessment administrative is issued for the first year of inclusion in the provisions of the present article, according to article 32 paragraph 2 of the Fiscal Procedure Code (in Greek: ΚΦΣ) for the tax payer and every of his relative as per the meaning of the case 6 (in Greek : στ') of article 2 for which the implementation of the article hereof, is extended.

The natural person declares in his application the state which he had as his last tax residence until the submission of his application. The Tax Administration informs the tax authorities of the specific state regarding the transfer of the tax residence of the aforementioned taxpayer in compliance with the provisions of international administrative collaboration as they are currently in force.

4. The implementation of the provisions hereof, begins from the first fiscal year for which the application of the natural person is submitted for his inclusion to the provisions of the article hereof and it expires upon the end of fifteen (15) fiscal years. The inclusion into the provisions of the article hereof, is not possible to be extended further than the expiration of the fifteen (15) fiscal years.

5. The natural person, which is included into the provisions hereof, provided that he does not pay the total flat tax amount which is defined in paragraph 2,

ceases to appertain to the provision of the article hereof upon the familiar tax year and henceforth he is taxed based on his global income according to the provisions of the Code hereof.

6. The natural person is able to submit an application in order to revoke his inclusion into the provisions hereof, at any fiscal year in the duration of the predicted in paragraph 4 implementation of the provisions of the present article. In case of revocation, the natural person is included in taxation, according to the general provisions, for the fiscal year within which he submits the revocation application and henceforth he is not obligated to pay the defined flat tax amount for the aforementioned year.

7. The income tax declaration for the taxable income of the person who is included into the provisions of the article hereof, which may emerge in the domestic State, as per the meaning of paragraph 1, article 5 of the article hereof, it is submitted and the payment of the tax is completed according to those defined in article 67 of the present Code.

8. By the payment of the flat tax amount of paragraph 2, any tax obligation of the natural person who has been included into the provisions of the article hereof is depleted, regarding the income which emerges abroad and the natural person is released from inheritance taxes or donation of assets which is abroad.

9. Following a joint ministerial decision by the Ministers of Finance and Development and Investments the chosen investment categories are defined, the time of their preservation in Greece, the procedure relevant to the proof of the investment, the inspection of the preservation of the the investment and any necessary detail for the implementation of the provisions of the article hereof.

10. Following a joint ministerial decision by the Minister of Finance and the Chief of the Independent Authority for Public Revenue (in Greek: ΑΑΔΕ) the inclusion procedure into the provisions of the article hereof is defined, including the transfer of the tax residence, the competent service for the submission, examination and approval of the application, the documentation accompanying the application, its revocation, the submission of the income tax declaration , the payment of the tax as well as any other necessary issue or detail regarding the implementation of the provisions of the article hereof".

*** the article 5a is added with article 2 par.1 L. 4646/2019 G.G. A 201/12.12.2019, according to par. 1 article 66 under the aforementioned Law, it is implemented upon its publication.