

The Greek Tax Incentive Regime - Article 5C of the Greek Income Tax Code:

The Greek Income Tax Code has established since 2020, a strategic tax incentive designed by the Hellenic Republic to attract skilled professionals, entrepreneurs, and digital nomads. This regime offers a significant reduction in personal tax liability for individuals relocating their tax residency to Greece.

I. Core Fiscal Benefits

Qualified applicants receive a 50% exemption from income tax on all Greek-sourced income derived from employment or self-employment.

- **Duration:** The incentive is granted for a fixed period of **7 consecutive years** with no options for extension.
- **Tax Efficiency:** Given Greece's progressive tax brackets (which reach up to 44%), beneficiaries effectively pay taxes as if they earned only half of their actual gross salary.
- **Exemption from Minimum Deemed Income:** Participants are exempt from the base objective living expenses (*tekmiria*) associated with standard residency (their primary/secondary residences and passenger vehicles). Other asset-related lifestyle and acquisition criteria (e.g. yachts, aircraft, swimming pools, real estate, stocks, or corporate shares) remain in full force. Acquisition "tekmiria" can only be covered by declaring the importation of foreign capital or other proven legal sources of income.
- **Scope:** The waiver applies strictly to income earned within Greece; foreign dividends or rental income remain subject to standard tax provisions.

Upon formal approval, the 50% tax relief is applied directly at the source via monthly payroll withholding for employees and reflected in the final annual tax assessment.

II. Eligibility Criteria

To qualify for the 50% waiver, an applicant must cumulatively satisfy the following conditions:

- **Prior Non-Residency:** The applicant must not have been a Greek tax resident for at least **5 of the 6 years** preceding the transfer of their tax residency to Greece.
- **Tax Residency Origin:** The individual must transfer their residency from an EU/EEA member state or a country with which Greece maintains an active agreement for administrative cooperation in tax matters.
- **Local Economic Activity:** The applicant must provide services in Greece under an employment relationship—either with a domestic legal entity or a permanent establishment of a foreign company—or exercise an individual business activity (freelancer/sole proprietor) in Greece.
- **2-Year Commitment:** The applicant must formally declare that they will remain in Greece for a minimum duration of **two years**.
- **12-Month Transition Rule:** In case of employment termination or cessation of business activity, the taxpayer does not automatically lose the benefit. They retain the right to the regime if they restore their professional activity in Greece within 12 months.

III. Tax Withholding for Freelancers (The 20% Rule)

Full Withholding at Source: For sole proprietors and freelancers providing technical, management, or consultancy services under Article 5C, the standard 20% withholding tax is calculated on **100% of the gross fees**, rather than the discounted 50%.

Tax Settlement: The 50% structural tax reduction is fully realized and reconciled during the final clearing of the taxpayer's annual income tax return.

IV. Application Requirements and Documentation

The application process is governed by the competent tax authority (such as the Tax Office for Residents Abroad / KEFODE of Attica). All foreign-issued documents must bear an **Apostille** or proper legalization and be accompanied by an official Greek translation.

Required Documentation:

- **Proof of Past Non-Residency:** Tax Residency Certificates from the respective foreign tax authorities for each of the 5 preceding years. Secondary administrative evidence (e.g., social security records, employment records) may be reviewed contextually.
- **Proof of Greek Activity:** A valid employment contract establishing that the employment position is based in Greece, or a "Business Commencement" (*Εναρξη Εργασιών*) certificate generated via the myAADE portal.
- **Formal Disclosures:** Submission of statutory declarations via the *gov.gr* platform, along with the required procedural tax forms (D210) for updating residency status.

Timeline and Risk Warning: The tax administration processes completed digital applications promptly. Individuals residing in Greece for more than 183 days within a calendar year automatically trigger tax residency under general rules; failure to timely file under Article 5C exposes their worldwide income to full progressive taxation.

V. Recent Extensions and Transitional Provisions (Decision A.1096/2026)

A. Expansion to the Public Sector

Under the milestone Decision **A.1096/2026**, the scope of the Article 5C special tax regime officially expands to include natural persons relocating to Greece to provide services to the **Hellenic Public Sector**.

- ❖ **Applicability:** This inclusion strictly covers public sector employees and officials whose compensation is governed by the statutory frameworks of the public sector salary scales and special payrolls.

B. Application Deadlines and Effective Tax Years

The administrative window for submission and the activation year of the tax regime depend on the start date of local employment or business commencement:

- **Commencement on or before July 2nd:** The application must be filed by the end of that same calendar year to secure entry into the special regime for that fiscal year. If filed in the subsequent year, it is evaluated for entry starting from that next fiscal year.
- **Commencement after July 2nd:** The taxpayer has until the end of the *following* calendar year to submit the application, which will activate the special tax

status starting from the fiscal year immediately succeeding the year of commencement.

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