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TAX PRACTICE

Tax incentives for the transition to electromobility

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Tax incentives for the transition to electromobility

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By virtue of Law 4710/2020, which was published on 23.07.2020 in the Government Gazette (Bulletin A' 142), a number of tax related provisions and incentives for the development of the electromobility were introduced.

The below summarize the most important tax related issues of the newly introduced provisions:

Exemptions from the calculation of the employment income

- The compensation for travel expenses paid by the employer for company reasons, including the compensation for the cost of electricity for charging individual or company low – emission cars (i.e. vehicles with zero or low pollutants up to 50 gr. CO₂/km), if the said costs relate to travel expenses incurred by the employee for the supply of their services and are evidenced by lawful receipts/documentation.
- The market value of the granting of use of a vehicle of zero or low emission (up to 50 gr CO₂ / km) and

with Retail Price before Taxes (hereinafter “RPBT”) up to EUR 40.000, to an employee or partner or shareholder from an individual or legal person or legal entity for any period within the tax year. Any additional amount (exceeding EUR 40.000) should be considered as taxable income.

- The abovementioned provisions apply to income earned within the tax years beginning from 1.1.2020 and onwards.

Increased deduction regarding specific expenses related to low- emission vehicles:

- For the leasing of a company car of zero pollutants, with a maximum RPBT up to EUR 40.000, the company is entitled to deduct the relevant cost from its gross revenue, at the time of its realization, increased by 50% and by 25% for any additional amount. For cars with low

emissions (i.e. up to 50 gr. CO₂/km) the increased discount percentages amount to 30% and 15% for any additional amount respectively.

- As regards the cost of purchase, installation and operation of publicly accessible charging points for vehicles of zero or low emissions up to 50 gr. CO₂/km, undertakings are entitled to deduct the said costs from their gross revenue, as defined by the current legislation, at the time of their realization, increased by 50%.
- For the purchase of a light utility electric vehicle (category N1 up to 3.5 tons gross weight) of zero pollutants, undertakings may be granted with an increased 50% deduction from their gross revenue, at the time of its realization. The respective increased deduction percentage for the purchase cost of low-emission vehicles up to 50 gr. CO₂/km amounts to 30%.
- For the purchase of L-type vehicles, motorcycles, as well as any other small vehicle with three or four wheels, with zero or low emissions up to 50gr CO₂/km, undertakings may be granted with

an increased 50% deduction from their gross revenue. This deduction takes place at the time of the realization of the respective cost.

The purchase of zero emission vehicles shall not be taken into account for the calculation of the taxpayers' deemed income

- Private cars, L-type vehicles, motorcycles, as well as any other small vehicle with three or four wheels, with zero emissions and with RPBT up to EUR 50.000, are excluded from the calculation of the deemed income of the taxpayers. For the cars exceeding the abovementioned threshold, the annual deemed cost is set at EUR 4.000.
- The above described costs should be incurred from the tax year 2020 (i.e. from 1.1.2020) and onwards.

Introduction of additional tax depreciation rates

- Various depreciation rates for activities related to electromobility are added to the relevant provisions of the Greek Income Tax Code such as:
 - 100% depreciation rate for the construction and installation of

charging points for zero or low emission vehicles.

- 50% depreciation rate for the public transport vehicles with zero emissions.
- 50% depreciation rate for the private transport vehicles with zero emissions.
- 50% depreciation rate for the means of transport of goods with zero emissions.

- Undertakings may also deduct from their gross revenue, the depreciation cost of a company car of zero pollutants (with a maximum RPBT up to EUR 40.000), increased by 50% and by 25% respectively for any excess amount. The corresponding percentages for cars with low emissions up to 50 gr. CO₂/km is 30% and 15%, respectively.

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