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TAX PRACTICE

## Non Dom Regime for High Net Worth Individuals

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# Non-Dom Regime for High Net Worth Individuals

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In view of the new alternative tax regime for High-Net-Worth-Individuals (HNWIs) introduced into the Greek legislation by Law 4646/2019, the Ministry of Finance, along with the Ministry of Development and Investments, issued on the 30th of December 2020 a joint Ministerial Decision (“the Decision”) clarifying several aspects of the Non-Dom regime, as well as, providing guidelines related to the investment and the necessary documentation.

Under the Non-Dom regime, qualifying individuals, who transfer their tax residence in Greece, will be subject to a beneficial tax treatment for their non-Greek income and will pay a lump-sum tax of EUR 100.000 per tax year for up to 15 fiscal years, under the condition that they invest, within the first three (3) years, at least EUR 500.000 at real estate property, businesses, securities or shares in legal entities located and operating in Greece. It is noted that any tax paid abroad on income covered by the alternative taxation regime will not be offset against the tax liability of the applicants in Greece.

The taxpayers opting for the above alternative method of taxation are not required to declare in Greece any income earned abroad and are not subject to inheritance or donation tax for their non-Greek property.

The Decision interprets the following points of the provision of the Income Tax Code on the Non-Dom:

## 1. The type of eligible investments.

Taxpayers applying for this beneficial tax regime can choose among the following types of investments:

- a) Purchase of real estate property located in Greece;
- b) Construction of real estate property within the Greek territory;
- c) Purchase of existing or construction of new permanent business facilities for conducting business activity in Greece;
- d) Acquisition of participation shares of a company not listed in a regulated market;

- e) Purchase of bonds issued by the Greek Government;
- f) Capital contribution for participation in Alternative Investment Funds; or
- g) Acquisition of securities that are traded in regulated markets.

## **2. The procedure to evidence the completion of the investment.**

The relevant request is accompanied by an Investment Documentation Annex, which includes a presentation of the investment and its status, the budgeted amounts for its completion, the sources of financing, a completion schedule, as well as, the supporting documents.

The investment is considered as complete if the entire physical object has been implemented and all the expenses have been paid or reimbursed. The proof of completion of the investment can be incurred either during the taxpayer's entry into the Non-Dom regime, if at that time the investment has already been completed in its entirety, or later upon request of the taxpayer.

## **3. The retention period of the investment and its monitoring.**

In particular, the taxpayer is required to keep the investment in his/her possession

for the whole period of his/her inclusion in the alternative taxation regime provided for in article 5A of law 4172/2013, which may last up to fifteen (15) tax years.

Therefore, the taxpayer must file by 31st of May, of every year, with the competent authority an Annual Report along with the respective supporting documents as described in the Decision.

Further, the taxpayer must declare to the competent authority any changes incurred in the investment, no later than two (2) months from the date they took place.

## **4. Necessary documentation for the implementation and completion of the investment, as well as, for monitoring the retention period of the latter.**

The Decision mentions in detail all the supporting documentation needed for each stage of the procedure, as well as, for each type of investment.

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