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TAX PRACTICE

## Favorable tax provisions in new draft bill

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## TAX PRACTICE

# Favorable tax provisions in new draft bill

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A law amendment, which sets out changes in tax legislation, was submitted to the Greek Parliament on September 30th 2021 and voting is expected within the next days. The most important proposed tax regulations are the following:

### **Increase of the tax – free bracket for gifts/parental grants between relatives of Category A’**

The draft law provisions provide for the amendment of Article 44 of the Inheritance Tax and Gift Code (Law 2961/2001), and more specifically for the increase of the tax – free bracket from Euro 150,000 to Euro 800,000 for gifts and parental grants between relatives that fall under Category A’ of Article 29 par. 1, i.e. spouses, children (including the legally recognized ones), parents etc. Any excess amount gifted shall be subject to a 10% tax.

It is noted that the above tax free bracket applies to gifts/parental grants both in kind (e.g. real estate, shares, bonds, etc) and in cash provided that the relevant funds are wire transferred to the donee/grantee. Currently gifts in cash between relatives of Category A’ are subject to a tax rate of 10% from the first

Euro, i.e. no tax – free bracket applies to such gifts.

Finally, such gifts/grants shall not be taken into consideration for inheritance tax purposes, in case of succession of the deceased by relatives of Category A’.

The above introduced tax regulation shall be effective as of October 1st 2021, whereas any gift/grants taken place between relatives of Category A’ until that date shall not be taken into consideration for the purposes of applying the new, increased tax - free bracket.

### **Reduction of Capital Concentration Tax**

The Capital Concentration Tax is reduced by 0,5%, i.e. from 1% to 0,5%, with effect from October 1st 2021.

### **Super - reduced and reduced VAT rates on certain goods and services**

The VAT rate for several agricultural and livestock goods is super - reduced from 13% to 6% with effect from October 1st 2021, whereas provision of services by dance schools and fitness centers shall be subject to a reduced VAT rate of 13% for the period 01.10.2021 – 30.06.2022.

Finally, the application of the reduced VAT rate of 13% on the provision of certain goods (e.g. coffee, cold beverages, etc) and services (e.g. cinema tickets, restaurants, cafeterias, etc) is further extended until 30.06.2022.

### Changes in the payment of the Unified Real Estate Tax (ENFIA) for year 2021

The draft law provides for the possibility of tax payers to pay the first installment of ENFIA of year 2021 – normally due by end of September - until the end of October 2021 along with their October installment, without a penalty.

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