

DOING BUSINESS

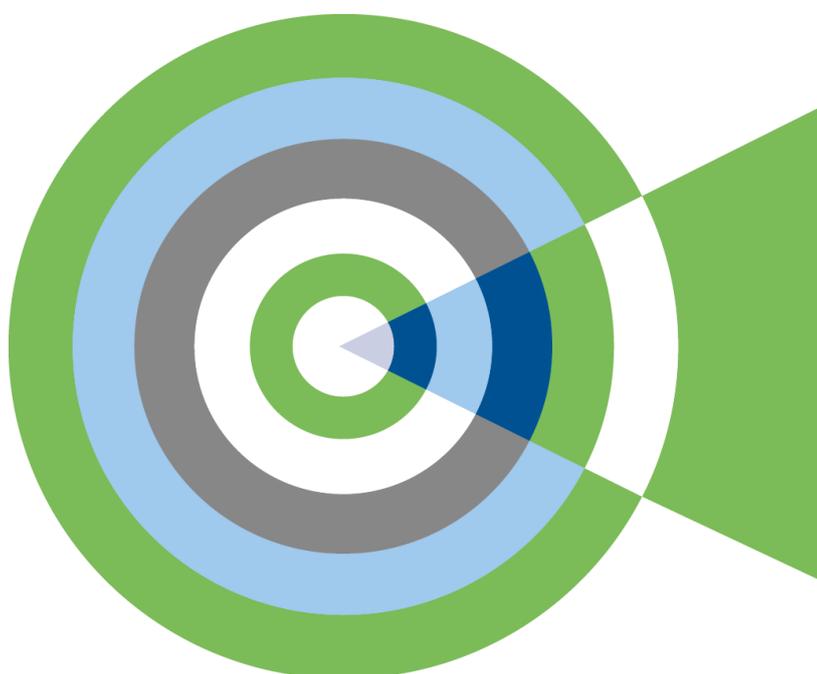
IN GREECE



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business

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1. Introduction

UHY is an international organisation providing audit, accountancy, business management and consultancy services through financial business centres in over 95 countries worldwide.

Business partners work together through the network to conduct transnational operations for clients as well as offering specialist knowledge and experience within their own national borders. Global specialists in various industry and market sectors are also available for consultation.

This guide is providing key issues and information for investors considering setting up business operations in Greece. It has been prepared and is provided by the office of UHY representatives.

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Information contained in the following pages is both general and is subject to continuous changes, due to the present financial crisis prevailing in Greece and should be used for guidance only. For specific matters, investors and our partners world-wide are strongly advised to obtain further information and take professional advice before making any decisions. This publication is current at April 2019.

We look forward to helping you do business in Greece.

2. Business Environment

Background

Greece's Ancient History, otherwise known, Greek (Hellenic) civilization dates back to ancient times and is associated with the development of mathematics «Pythagoras of Samos», medicine «Hypocratis», philosophy «Aristotele» and is famous for giving birth to Democracy.



Throughout its long history, Greece's borders have expanded and contracted continuously. At various times, Greece had been under foreign rule (Roman, Ottoman) but from the 1800s emerged as an independent nation.

Greece joined the European Community in 1981 and became a member of the Economic and Monetary Union (EMU) at the beginning of 2001.

Current history of Greece is associated with its last nine years of financial crisis but it also associated with its prior to 2009, high economic growth rates that supported its entry into the Eurozone and successfully it has undertaken the Athens 2004 Olympic Games.

The gross domestic product (GDP) in Greece was worth 200.29 billion us dollars in 2017. The GDP value of Greece represents 0.32 percent of the world economy. It averaged \$111.89 billion from 1960 until 2017, reaching an all-time high of \$354.46 billion in 2008 and a record low of \$4.45 billion in 1960.

In spite of the terminal financial difficulties, that Greece is undergoing, there are noted examples of Greek businesses that are contributing to the current global economy such as shipping, wine and olive producing companies, pharmaceutical companies and new ventures in Digital Technology. The tourist industry is another good example of investments that is also contributing to the country's economy.

The human drainage of 450.000 people that have left in the years of crisis indicate the country's hidden strength for productive investments in Greece, that will no doubt result to most of these high educated work force to return back to Greece.

Population

Greece's population is approximately 11 million, equally distributed between male and female. The net population (births less deaths) is being reduced, for 2015 by 25861 persons and the same trend still persists. The working population numbers about 3.6 million. Approximately 40% of the population lives in the Attica area, which is primarily Athens and Piraeus, where more than 50% of Greek industry and commerce also is located. Thessaloniki, in north Greece, has a population of over 1 million, Patras, which lies in the northwest of Peloponnese, has a population of 320, and Larissa that lies in the central mainland has a population of 280 thousand.

Greece has a number of islands located in the Ionian Sea and Cyclades islands which are located in the Aegean Sea. The population of these islands is currently expanding due to increase number of transits. Major Island is Crete with two major cities, Heraklion with a population of 290 thousands and Chania with a population of 130 thousands.

The population is homogeneous, but the Athens area, and to a lesser extent the other major cities, host an international community. Retired non-Greek residents prefer to reside in the numerous islands of Greece, especially in Corfu, Mykonos, Paros and Rhodes where the cost of living is low and the weather conditions are excellent for their age and health.

Visa requirements, residence and work permits

Citizens of EU member states must apply for a residence permit should they wish to work or plan to take up residence in Greece. A visit of up to three months does not require a permit.

Non-EU must apply for a work permit before arriving in Greece if they wish to work in Greece and apply for a residence permit immediately upon arrival.

The application procedure for work permits is lengthy. Therefore those wishing to acquire work permits are advised to commence this procedure well in advance of the planned date of arrival. Some Non-EU citizens may require visas to enter the country even for vacations or short business trips.

Non-EU citizens that invest on time sharing houses or acquiring real estate in Greece to the value of more than €250 000 can obtain a valid visa of 5 years to stay in Greece with their family members.

Language

The official language is Greek. Nowadays the younger generation speak English, Spanish, French, Italian, German and some speak Chinese and Japanese. The French language is very popular amongst the older generation.

Working hours

Banking hours are 8:00 a.m. to 2:30 p.m. Monday to Thursday and 8:00 a.m. to 2:00 p.m. on Friday.

The public sector's hours for the public are generally the same as banking hours.

Private sector office hours may vary but are generally 9:00 a.m. to 5:00 p.m. Monday to Friday.

Stores are open generally from 8:30 a.m. to 3:00 p.m. on Mondays, Wednesdays and Saturdays and from 8:30 a.m. to 2:00 p.m. and 5:00 p.m. to 8:30 p.m. on Tuesdays, Thursdays and Fridays, although department stores and hypermarkets have continuous hours, from 8:30 a.m. to as late as 8:30 p.m. Monday to Saturday. Currently a number of entities are extending the hours that remain open for the public and a chain of small stores remain open throughout the night for all days of a week.

Due to the current crisis Greek workers' life has significantly deteriorated and 74% of the employees are forced to work more hours than what was prevailing in 2010, according to the Regus Survey. Furthermore, according to OECD findings, Greek people have one of the highest work rates among the OECD countries with individuals working 2,109 hours per year, which is much higher than the OECD average of 1,749 hours.

Cost of living

The cost of living in Greece has materially been reduced from the EU levels. This is due to the fall of demand of goods, rents and services. Contributing factors, to the fall of demand are: the reduction of pensions, high burden of income tax, taxation on real property «ENFIA», other withholding taxes and contributions to social security funds, leaving people with little money to spend. An added negative factor to the reduction of the cost of living is accounted by the fact that parents support their unemployed children and grand-children.

Housing

Good quality housing built to high and modern standards is currently available, at reasonable prices. Some expatriates, living in the Attica area, continue to choose to rent housing although there are generally no restrictions on foreign citizens from purchasing real estate

Currency and Foreign exchange regulations

Greece, as of 1st January 2002, as previously stated implemented, as its monetary unit the euro (€) in the whole of economic functions including the free transfer of funds. Due to the economic crisis and the «bail in» that applied to Cypriot banks, trust to the Greek banking system felt at its lowest point, and this drove to the outflow of deposits from Greek banks to other European countries. To stop this outflow the Greek Government introduced strict capital controls in 2015. In July 2016 these measures were partly relaxed but are still effectively at the time of preparation of this Guide.

Within the terms of the capital controls measure there are foreign exchange control restrictions, which, however, are being effectively, overpass through the effective handling of such issues by the Banks and the appropriate Authorities. All monetary transfers abroad must be affected through commercial banks in Greece. When approving such transfers, commercial banks are obliged to ensure that the payment has been subject to or are exempt from withholding tax.

Payments and other transfers relating to current transactions between residents and non-residents must also be made through the same channel.

Political structure

Greece is a parliamentary republic. The Prime Minister and the government hold executive powers. The President is elected by a 300-member parliament to serve a five-year term. The last election, in Greece, took place on Sunday 20 September 2015. The election resulted in an unexpectedly-large victory for Alexis Tsipras' Coalition of the Radical Left (SYRIZA), which fell 6 seats short of an absolute majority and was able to reform its coalition government with the right-wing Independent Greeks (ANEL). EU Elections are programmed to take place in May and the duration of governance of the present Government ends in October 2019.

Culture & value systems

To do business in Greece one must be patient with Greeks as they are excellent negotiators yet use quick judgement. Business are currently executed by all modern means but still traditionally it is usually done over a cup of coffee or a working lunch or dinner in a restaurant (taverna). Accepting more food is a compliment to your host. The greeting can take many forms: a hand shake, an embrace or a kiss can all be encountered at first meetings or among friends and acquaintances.

Interpersonal relationships and family ties are of major importance in the overall scheme of businesses' things. Family ties and friendships are deep and carry obligations. It is one's role in the social structure, the extended family and in deep friendships that gives structure and security to the individual.

Infrastructure

The infrastructure in Greece compares favourably with its neighbours. Athens has a modern underground rail system that connects the cities of Athens and Piraeus with the Venizelos modern airport from where flight connections operate on a daily basis with most of the other major cities' and islands' airports. Thessaloniki, the second largest city has also a good airport. Both Athens and group of cities have also very good ports.

The island of Corfu, Mykonos, Paros, Rhodes, and other in size have good airports whilst Chania has completed its new airport. Currently there is a program for development for a number of small airports by the new owners, a consortium of German and Greek companies. Athens has a modern Metro system and currently under construction is the Metro of Thessaloniki.

The past growth rates provided an opportunity for Greece to develop its new infrastructure including Attiki Odos, Egnatia Odos, Ionia Odos and last the Rion-Antirion bridge with its starting foundations at Rio (near Patra) and its ending foundation Antirion, connecting the Peloponnese with western mainland of Greece – a dream of the late Prime Minister of Greece Charilaos Tricoupi. Currently the road to Patras and from there on to Ioannina have been modernised, reducing the travel time by nearby 50%

New freeways, extensions to the Metro system, a new suburban rail line and a rail link from the international airport of Eleftherios Venizelos to the city and the current expansion of suburban rail from Piraeus are amongst major developments.

The current Athens Metro Development Plan includes the Metro Line 4, Alsos Veikou – Evangelismos – Faros – Maroussi, together with its extensions (a) to Vyronas/Ano Ilioupoli and (b) to Perissos and the National Road. The U-shaped Line 4 consists of two radial legs to Galatsi and Maroussi, as well as of one central part that runs through the centre of Athens, its total length is 33.5 km with 30 stations and it incorporates five discrete individual sections, namely sections A, B, C, D and E.

Due to Greece's public sector debt and trade deficit, it is currently mainly dependent on the Community Support Framework (CSF) funding for the projects under development.

Greece's main economic sectors are: agriculture, shipping, tourism and construction, with most of such activities being centralised in the major cities of Athens, Piraeus and Thessaloniki, where most of the country's population is living.

The table below provides the latest reported value for - Greece GDP - plus previous releases, historical high and low, short-term forecast and long-term prediction, economic calendar, survey consensus and news. Greece GDP - actual data, historical chart and calendar of releases - was last updated on July of 2016.

Greece GDP	Last	Previous	Highest	Lowest	Unit	
GDP Growth Rate	0,50	0,50	3,20	-4,80	percent	[+]
GDP Annual Growth Rate	0,80	0,40	6,80	-10,20	percent	[+]
GDP	194,56	194,86	354,46	4,45	USD Billion	[+]
GDP Constant Prices	47.122,00	42.827,30	64.999,80	36.552,30	€ Million	[+]
Gross Fixed Capital Formation	5.127,90	5.415,31	17.203,77	4.532,35	€ Million	[+]
GDP per capita	22.736,46	22.578,02	30.054,89	6.779,89	USD	[+]
GDP per capita PPP	24.263,88	24.094,79	32.073,96	20.600,48	USD	[+]
GDP From Agriculture	1.687,65	1.584,73	2.120,17	1.282,17	€ Million	[+]
GDP From Construction	867,76	603,93	4.414,47	603,93	€ Million	[+]
GDP From Mining	5.163,09	4.763,76	7.566,45	4.352,69	€ Million	[+]
GDP From Public Administration	9.041,65	9.266,54	11.582,88	7.607,63	€ Million	[+]
GDP From Services	9.663,65	7.545,09	17.098,90	6.942,63	€ Million	

Privatisations

Privatisations are considered an important policy, not only for their contribution in increasing public revenue and reducing public debt, but, more importantly, as a means to attract FDI for the upgrade of acquired assets, open up regulated markets and improve the business environment. To this effect, the privatisations programme has been present in all three Economic Adjustment Programmes for Greece (2010, 2012 and 2015) and also constitutes an integral part of the Enhanced Post Programme Surveillance framework that Greece is under since the expiration of the 3rd Economic Adjustment Programme in August 2018. The economic effect of a number of privatisations is expected to be multi-dimensional, going far beyond the revenues from the sale transaction. A vivid illustration is the case of Hellinikon. According to IOBE (2016)¹, and for the 25 years reference period examined in the study, the operating revenues of the project are estimated to reach on average EUR1.4 billion per year while tax revenues from construction works and business activities are expected to reach on average EUR563 million per year.

On a macroeconomic level, by the end of the 25-year period examined, demand factors are estimated to lead to an increase of GDP by 1.7% while supply factors expressed through increased productivity and output potential are expected to boost GDP by 0.6%. Employment in the area is estimated to increase by more than 25,000 people by mid2030 while after the completion of construction works, the overall business activity at Hellinikon is expected to support 21,000 jobs annually. Taking into consideration indirect effects, the development is expected to create 90,000 additional jobs by the end of the 25-year period under examination.

Under the signed MoU(s) the Greek Government has accepted a policy to carry out privatisations to the value of €50 billion.

Greece Economic Outlook

Unemployment has fallen to 18% according to latest statistics. Unemployment dampens consumption.

On a positive note, fears of a near-term Brexit have been dispelled as the country has achieved a budget surplus and its international creditors gave the green light to ease capital controls.

Recently Greece has applied to international markets for an issue of a Government bond and the market reacted positively to this invitation.

Macroeconomic environment

According to EU Commission¹, Greece's economy grew at an estimated rate of 2.0% in 2018 and is expected to continue growing at over 2% in the coming years, although the economy's recovery remains heavily contingent on the continuing implementation of reforms. Provisional data show that Greece's real GDP grew by 1% (q-o-q, in seasonally-and working-day adjusted terms) in 2018-Q3, corresponding to growth of 2.2% compared to the same quarter in the previous year and providing a 2.1% growth rate for the first three quarters of 2018. By taking advantage of spare capacity and benefitting from strong external demand, Greece managed to increase its market shares in global trade. Net exports thus became the main driver of growth in the first three quarters of the year, and (likely) for the whole year as well. Another major driver of aggregate demand was the growth of private consumption, which was supported by employment growth. Investment remained subdued compared to 2017, at least in part due to a base effect from the revision of the annual national accounts. On a positive note, activity in the real estate sector and hence investment in housing grew throughout the year. Real GDP growth is forecast to reach 2.2% in 2019 and 2.3% in 2020. Consumer confidence had almost returned to pre-crisis heights by the end of 2018, thus private consumption is likely to remain a major contributor to growth in 2019. Export growth is expected to moderate, as the tourism sector faces slowing demand growth and renewed competition from Turkey. Goods exports are also set to weaken but should remain on an increasing trajectory despite the slowdown in the EU.

Fiscal policy issues

Greece has a mixed capitalist economy with the public sector accounting for about half of GDP. The primary focus of the government today is to reduce government spending, restore Greek economic competitiveness and at the same time tackle unemployment, which is currently a major social problem.

Bank lending rates have also dropped, but presently are fluctuating between 4.75%-16.80% depending on the type of lending facility.

¹ https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/greece/economic-forecast-greece_en

3. Market Issues

3.1 Market entry strategy

Investors considering investing in Greece are advised to review the relevant regulations with legal, tax and other business experts in order to avoid potential start-up problems as the Greek market has its peculiarities, particularly when it comes to procurement of government tenders. The Government has enacted, in June 2016, Law 4399 «Institutional framework for Establishing Private Aid Schemes for the Country's Regional and Economic Development – Establishing the Development Council and Other Provisions» <https://www.ependyseis.gr/>

Certain provisions of previous legislation "*Acceleration and transparency of implementation of Strategic Investments Law 3894/2.12.2010*" (short named *Fast Track Investment Law*) still apply. Also certain of its provisions *Investment incentive Law 3908* that passed from Greek Parliament on 1 February 2011 also still apply. The Hellenic Centre for Investment (ELKE), the Greek national investment agency, is able to provide initial assistance in dealing with government institutions.

3.2 Market access

Greece is Europe's strategic link to the sizeable, emerging markets of the Balkans, the Black Sea, Eastern Europe and the Eastern Mediterranean.

3.3 Main market opportunities



Services including tourism and professional services represent the largest and fastest growing sector of the Greek economy. Shipping, transportation, insurance, healthcare, education, communications are added currently listed amongst the previous quoted largest sectors. Greece's food industry is expanding rapidly to overseas markets as well as to neighbouring countries. Its largest export items include; yogurt, fresh and processed fruits and vegetables, olive oil, wheat, wines and tobacco. Agriculture is of major socio-economic importance. The number of persons working on farms (regular labour force) total is approximately 1.2 million compared to 1.4 million employed in 2000. The current trend is for young unemployed persons to return back to their villages and farming

Other Sectors of importance to an investor, due to their market liberization are:-

Energy; Telecommunication, Defence, Electronic Commerce, Information Communication Services; Medical Equipment; Drugs/Pharmaceuticals; Environmental Engineering Services; Franchising; Tourism Infrastructure; Safety and Security.

The mining sector, in spite of its stated reserves, remains unexplored and small with mining initiatives running with problems.

Greek firms enjoy good commercial ties to Central and Eastern European markets as well, including the Black Sea region. Foreign firms may wish to target these markets from a base in Greece or to explore three-way arrangements with Greek companies or partners.

3.4 Unemployment

Unemployment rate as currently reported is at the level over 18 % compared previous years' lower levels that averaged below 20.6%.

3.5 Foreign trade

Principal export destinations are Germany, Italy, UK, Turkey and the Balkan countries while the main import sources are Germany, Italy, France and Turkey. As substantial discrepancies exist between settlements and customs-based data, considerable uncertainty surrounds the balance-of-payments figures. The recent noted trends are: the increase of exports and the reduction of imports

3.6 Pricing

Greece has no price controls, except for pharmaceutical and agricultural products. When pricing a product, firms should consider payment and credit terms. Greek importers generally expect a C.I.F. quotation, except when the purchasing company does a large amount of direct buying and provides its own insurance.

VAT higher rate has been increased to 24%, as from 1st June 2016.

4. The Banking System

Greece's banking system consists of the five (5) systemic banks, nine (9) co-operative and no-systemic banks.

A number of foreign banks are also operating in Greece offering a full range of services for corporate and consumers business, including venture capital, finance and advice for newly formed companies.

The Greek banking sector has contracted in the recent years due to economic crisis that prevailed in Greece. In spite of the NPL's difficulties presently encountered Greek banks still represent one of the most sophisticated and modern sectors of the Greek economy. Both foreign and Greek investors are seen as potential players in this market. Few Greek banks and offices of banks still remain established in Bulgaria, Romania, Serbia-Montenegro, Albania and FYROM.

The Greek Banking System operates in a regulated environment through the control that is still exercised through the Bank of Greece. The Bank of Greece is the central bank and the monetary authority in Greece. It is responsible for the authorisation and supervision of credit institutions, including subsidiaries of EU and non-EU banks and financial institutions operating in Greece in accordance with the criteria set down by relevant EU directives.

The Bank of Greece issues regulations and guidelines relating to the establishment of credit institutions in Greece, capital requirement, risk exposure and investment activities. It is participating in the European Central Banks System, along with the European Central Bank and the Central Banks of the other 24 countries.

The European System of Central Banks for the whole of the EU plans monetary policy and the Bank of Greece is in charge of its implementation in Greece.

The principal objective of regulation is the protection of depositors. All the main directives of the EU Council concerning prudential regulation of credit institutions have been implemented into Greek law. As a result of the implementation of the main directives of the EU Council, a degree of deregulation has become possible for the banking industry in Greece, which has also adopted EU directives with regard to money- laundering.

The lack of a developed capital market has led industry to rely largely on bank loans for a high proportion of its funding. The capital market's activities have decreased in the recent years adding to loans' burden to the shoulders of the remaining systemic commercial banks. The low interest rates should lead to even more competition in the banking sector.

5. Capital Markets – Athens Stock Exchange (ASE)

The Athens Stock Exchange (ASE) was established in 1876 and currently it consists of three markets.

1. Main Securities Market

Companies with registered offices and business activity outside of Greece may list their shares on the ASE. More specifically, the Presidential Decree 350/1985 has established the first regulations of the listing requirements for shares to be listed on the ASE as well as the obligations of the listed companies towards the ASE. This regulation and provides the listing on the ASE of shares issued by companies, either Greek or foreign.

The current regulation is set out at the internet site of the ASE

<http://www.ase.gr/content/gr/ann.asp?annid=136808>

Many companies in Greece tend to be closely held by a small number of shareholders, usually members of the same family, and due the administrative burden of obtaining a listing and thereafter complying with the existing regulations plus the difficulties arising from the present financial crisis only a limited number of medium to large size of companies still remain listed in the Athens Stock Exchange and their number is being reduced.

Traditional investors are still investing in opportunities that arise.

In the past due to various factors have contributed to the development of the stock exchange, especially in the late 80's, in line with the worldwide trend for small developing exchanges. Amongst the factors that have contributed to the past expansion of ASE are:

- Good performance of certain listed companies; and
- Tax-free income of profits distributed by Portfolio Investment Holding Companies.
- Higher banking interests.

Foreign companies may request deviation from the existing listing requirements applying in shares of Greek companies as well as from the relevant obligations towards the stock exchange authorities after they have been listed on one of the ASE markets.

2. NEXA

The aim of the New Secondary Market (NEXA) constitution in ASE is the listing of shares of middle sized and innovative business, activated particularly in the new technology section, which are not listed in the Main and Parallel Market of the ASE.

The institution of Market Maker for the first time is established in NEXA. The Member of the ASE becomes Market Maker after a special agreement signed up with each issuer trading in NEXA. The Member in its capacity as Market Maker maintains in the DSS a supplementary Investor Share called: Investor Share of NEXA Market Maker. The Investor Share is created exclusively in the ASE once the Member submits to the latter the relative decision of the ASE with which he has obtained the role of NEXA Market Maker.

The securities account of the Investor Share of the NEXA Market Maker contains only one Operator account which is accessible and operates exclusively in its capacity as NEXA Market Maker.

3. Athens Derivatives Exchange (ADEX)

Law 2533/97 provided the necessary legal framework for the establishment of the formal and organized derivatives market in Greece.

The Athens Derivatives Exchange SA and the Athens Derivatives Exchange Clearing House SA have been established for the organisation, operation, and development of the market. The main purpose of ADEX was the organization and support of trading in the derivatives market, the organization of the trading system as well as any similar activity. At the same time, the clearing house is to organize the clearing and settlement of transactions concluded on derivative products, and supports such procedures in general.

6. The Corporate Governance Code and Companies' Laws

The New Audit Law 4449/2017 «Statutory audit of annual accounts and consolidated financial statements, public oversight over the audit work and other provisions» enshrined into its article 44, several provisions designed to strengthen audit committees of public interest entities (PIEs) and provides more transparency into the activities of the audit committee and the statutory audit. Most of the requirements for audit committees set out in the legislation are already being performed today and represent «best practice»

The provisions Law 3016/2002 which are applicable on corporations whose shares are quoted or listed on a recognized stock market remain effective. These dictate the duties and responsibilities of the company's Board of Directors are intended to enhance the long term financial value of the company and to promote the company's interests. The members of the Board of Directors are prohibited from pursuing any self-interest, which may produce a conflict of interest with the company.

Law 3873/2010 «Integration into Greek national Law the Directive 2006/46/EC of the European Parliament and of the Council on the annual accounts and consolidated accounts of certain types of companies and Council Directive 2007/63/EC of the European Parliament and of the Council for the requirement as to the preparation of the report in the case of merger or demerger of Companies» Under the provisions of the above stated Law collectively the Board of Directors of a Company in drawing up and publishing annual accounts and consolidated accounts as well as annual reports and consolidated annual reports are obligated to provide a Statement of Corporate Governance, stating a description of the existing risk management systems and internal controls in relation to financial reporting process, an analysis of the environmental and social aspects necessary for the understanding of the company's development, performance and position, the composition and operation of the administrative management and supervisory bodies and their committees.

Currently there is a Bill under discussion for the structure of Board of Directors and the Internal Organization within the framework of corporate companies that have listed shares or debt securities with regulated markets that operate in Greece.

7. Foreign Investment

Foreign investments in Greece are currently regulated by the following major laws the:

1. Institutional framework for establishing Private Investment Aid schemes for the country's regional and economic development – Establishing the Development Council and other provisions Law 4399/22.6.2016
2. Fast track Investments Strategy Law 3894/2.12.2010 and
3. New Investment Incentive and Development Law 3908/1.2.2011.

Details of the above legislations and ministerial decisions are available at <https://www.ependyseis.gr/>

The main provisions of the above laws are summarised below:

1. Institutional framework for establishing Private Investment Aid (Law 4399/22.6.2016)

7.1.0. Introduction

- The Law for the first time makes explicit reference to the provisions of the **General Block Exemptions Regulation «G.B.E.R»** (Regulation 651/2014 of the Commission), with cross referenced features between the Law and «G.B.E.R».
- The Law is structured into three sections namely:

Section A – Institutional Framework for Establishing Private Investment Aid Schemes for the Country's Regional and Economic Development.

Section B – Establishing of the Development Council Ministry of Economy, Tourism's Development and Tourism.

Section C – Arrangements of Competence of the General Secretariat of Private and Strategic Investments. This section sets out provisions for the completion deadlines under Law 3299/2004 and Law 3908/2011 – previous' investment laws.

- In order to achieve dispersion as to the beneficiaries of state aid, a threshold is being provided for the types of aid available to individual investment projects, as well as to companies and group of companies.
- Special categories of aid, as provided in the legislation, are being determined either **(a)** on the basis of the performance of the involved companies, or **(b)** on territorial basis. Companies that fall under the special categories may be reinforced through capital aids, in case capital aids are not provided, or by additional capital aids in case capital aids are provided.

7.1.1. Terms and conditions of aid

- The aid schemes, set out in the law, are subject to five general rules that stem out of «G.B.E.R» and are the following: **(a)** Single investment project **(b)** Cumulation **(c)** The "Deggendorf" principle **(d)** Incentive Effect and **(e)** Rule of non-discrimination and accessibility of people with disabilities.
- Added to the above five general rules, are the terms and conditions of inclusion to aid schemes which are:

(a) Participation of aid beneficiary in the cost of investment – At least 25% of the total investment cost. Unlike previous laws' provisions of the nature as to own-participation is being abolished. Such cost of participation can take place through own equity or through external financing.

(b) Minimum threshold of investment project – the amount of investment project is differentiated and defined by the size of the aid beneficiary, namely:

(i) Large enterprises	€500 000
(ii) Medium size enterprises, co-operatives and clusters	€250 000
(iii) Small enterprises	€150 000
(iv) Micro enterprises	€100 000
(v) Social Cooperative & Agricultural Enterprises of corresponding Laws 4019/2011 & 4384/2016	€ 50 000

- As to the content of investment projects falling under the aid schemes, it is required that such projects should be an initial investment (Article 2 point 49 «G.B.E.R»)

7.1.2. Aided Investments – Operators of Investment projects – Eligible costs

- Aid beneficiaries of aided investment projects are enterprises established or having a branch in the Greek territory at the time of the works of the investment project.
- Aid beneficiaries can be of the following forms **(a)** Personal business **(b)** Trading company **(c)** Cooperatives **(d)** Social cooperative enterprises of Law 4019/2011 including Agricultural Cooperatives, Producers Groups, Rural partnerships and **(e)** Companies under establishment or merging companies provided the publicity procedures have been completed before the start of works of the investments projects **(f)** joint venture business are also entitled as beneficiaries to aid schemes provided they are registered with the General Commercial Registry
- Public and municipal companies and their beneficiaries are also entitle to register for aid schemes subject to limitations - the main one being that they are not already funded by public funds.
- Businesses, whose eligible amount of investment projects exceeds five hundred thousand (€500 000) euros shall take the legal form of a commercial or cooperative before the start of the aided investment project.

7.1.3. Included and excluded investments

- In summary, the following aid schemes and the relevant aid granted per scheme are prescribed:

Aid scheme	Types of aid granted
1. Major investments	Stabilization of income Tax Rate for 12 years from the completion of the investment project, until the exhaustion of the aid and up to the amount of €10,000,000.00 Alternatively , tax exemption at a percentage of 10% of the eligible investment cost and to the amount of € 5,000,000.00 with possibility to make use of the «Fast Track Procedure».
2. General Entrepreneurship	Tax exemption, subsidy of leasing

3. New Independent Small and Medium Enterprises (SMEs)	and subsidy of employment.
4. Innovative Character Aid for Small and Medium Enterprises (SMEs).	Tax exemption, subsidy of funds, subsidy (or grant) of leasing and subsidy of job creation cost.
5. Clusters	
6. Integrated Regional and Sectoral Projects	
7. Intermediary funding organisations – Funds of Funds	Public funding to private investors through: (a) equity or «virtual» equity investment or sponsorship, or (b) loans for funding of corporate risk directly or indirectly to eligible companies.
8. Machinery Equipment	Tax exemption

- The types of aids granted for investment projects included in the aid schemes, as tabulated above, as set out in article 10 of the law are prescribed as follows:

- **Tax exemption** consisting of the exemption from paying income tax on earnings before tax, which arise under the tax legislation from all business activities having deducted the tax of the legal person or legal entity tax corresponding to the profits distributed or received by the partners. The amount of tax exemption shall be calculated as a percentage on the value of the aided expenditure of the investment project or the value of the new machinery and other equipment acquired under leasing agreement and constitutes equivalent reserve;
- **Grant**, which consists of the free aided expenditure of the investment project and is determined as a percentage thereon;
- **Leasing subsidy**, which consists of the payment by the government of part of the instalments paid for the leasing agreement concluded for the acquisition of new machinery and other equipment and shall be determined as a percentage of the acquisition value of those included in the instalments paid. The grant of the lease may not exceed seven (7) years.
- **Job creation cost subsidy**, which consists of the coverage of the government part of the wage costs (Article 2 par. 32 «G.B.E.R») for new jobs created and associated with the investment project, which do not receive any other state aid.
- **Stabilization of income Tax Rate, (tax system)**, the investment projects included in the schemes shall be assisted with the incentives of the fixed income tax rate for legal persons and legal entities, which applies on the date of the inclusion application, for a period, which is set at twelve (12) year from the completion of the investment project.
- **Public funding** covers risk finance through equity fund in accordance with Article 21 G.B.E.R with the following forms: **(a)** equity or quasi-equity, or financial endowment to provide risk finance investments directly or indirectly to eligible undertakings **(b)** loans to provide risk finance investments directly or indirectly to eligible undertakings.

- To the general rule that aid schemes shall apply to investment projects of all economic sectors, article 7 of the law 4399/22.6.206 sets out a list of numerous exclusions of aid schemes by reference to Article 13 of «G.B.E.R» by category and under the provisions of paragraph 1 of Article 6 that relates to minimum period of establishment in Greece. Examples of excluded categories of entities are coal industries, steel sector industries and shipbuilding sector - except if such a scheme is decided by joint ministerial decision and has been pre-approved by the European Commission.

- The maximum aid intensities for large enterprises, which are listed in the Regional Aid Map (RAM), are increased by 10% for medium-sized enterprises and 20% for small and micro enterprises, subject to alternative option of use of tax exemptions.

7.2. Extension of completion deadlines for Investment Project provided under previous' investments laws.

7.2.1. Extension of completion dates

- A fresh completion deadline is provided under articles 76 for the extension deadline until 31 March 2017 for investment projects placed under the provisions of Law 3299/2004, whose completion date ended 31st December 2015. If, by this date, it is proved that 50% of the approved cost of the investment project has been implemented, the completion deadline is extended by another fifteen (15) months, i.e. until 30 June 2018.
- The completion deadline for investment projects of Law 3299/2004 ending on 31 December 2016, is extended until 31 March 2017 and if by this date, it is proved that 50% of the approved cost of the investment project has been implemented, the completion deadline is extended by another fifteen (15) months i.e. until 30 June 2018.
- Instalment grant of investment placed under Law 3299/2004 is to be paid in seven (7) instalments, subject to certification of the implemented project.

7.2.2. Fast track Investments Strategy Law 3894/2.12.2011 and Law 3908/1.2.2011

- For major investment, listed under heading 1, of the Table under note 1.3. the provisions of this legislation still apply. (Details of this law appear in our previous' publication of our booklet «Doing Business in Greece».
- Certain provision of Law 3908/1.2. 2011 still are effective for non-completed projects.

8. Setting up a business

Investors wishing to start a business in Greece, (subject to specific restrictions of the investment legislation set out in section 4), have the option to form any type of legal business entity and their applicable procedures are stated below:

8.1. Companies

8.1.1. A Corporation – termed in Greek «Anonymous Etairia **(A.E)** » or (Societe Anonymous: S.A.). It may be generally formed by one or more persons – termed shareholders. The liability of members is limited to the amount of their share capital contributions. The minimum share capital requirement is €25 000, which must be fully paid up at the time of establishment. The shares may be registered or bearer and the nominal value of each share must be no less than €0.04 (four cents) and no more than €100,00 (one hundred euro). A corporation may have shares that are listed on the stock exchange or shares that are not publicly traded.

The formation of a Corporation involves four stages namely:

(a) Compilation of the articles of incorporation– prepared either by a notary public (optional). Changes of articles must be published in Government Gazette.

(b) Payment of share capital

(c) Public registration (General Business Registry)

(d) Corporate Resolutions are administered by the annual general meeting, and are managed by the Board of Directors (the number of the Directors is from three up to fifteen).

A Limited Liabilities Company is required to appoint statutory auditors, subject to the provisions set out in section 5.5.

8.1.2. Limited Liability Companies – termed in Greek «Etairies Periorismenis Efthynis – abbreviated E.Π.E.» may generally be formed by one or more partners. The liability of members is generally to the amount of their capital contribution. There is no minimum share capital requirement.

Limited Liabilities Companies (LTD) are administered by the annual general meeting, and are managed by one or more administrators, who may or may not be partner(s) of the company. Administrators' first appointment is set out by the articles of association and subsequent appointments by the general meeting. If administrators are not appointed, the company is managed by all of the partners acting collectively.

A Limited Company is required to appoint statutory auditors, subject to the provisions set out in section 5.5.

A new Company Law 4548/2018 has come into effect as from 1st January 2018, repealing the over hundred years old Company Law 2190/1920 on Companies Limited by Shares **(A.E)**. Such Companies as from 1 January 2019 will be regulated, from this day on, with the provisions of the new except for the provisions of Law 2190/1920 relating to mergers and acquisitions of a Corporation that remained applicable.

8.1.3. Private limited companies - termed in Greek «Idiotiki Kefalouhiki Etairia – abbreviated I.K.E» This type of companies is based on the EU 12th Council Company Law Directive (89/667/EEC). It may

be formed by or more persons, physical or legal. If it is formed by one physical person is termed «monoprosopi I.K.E».

The provisions for the mergers and acquisition of Law 2190/1920 have been repealed as from 15th April 2019 with the provision of Law 4601/2019 «Corporate Transformations»

Law 3190/1955 which relates to Limited Liability Companies (**Ε.Π.Ε**) has also been repealed by Law 4541/2018 with effective date of implementation being 1 January 2018. No share capital is required for this type of limited partnerships.

Article 47 of Law 3604/2007 governs the new type of «IKE - Single Shareholder Corporations» allowing one or more persons to be shareholders. Such companies may start with a share capital of €1 and can be formed by one or more persons.

According to article 58 Law 4072/2012 the Administrator must be a physical person. If the single shareholder is a legal person, the Administrator must also be a physical person.

The articles of association can be prepared as a private document provided it complies with the provisions of article 50 of Law 4072/2012. The articles of association and other documentation may be written in any of the official languages of the European Union (EU). The registered office of an I.K.E may be transferred to any member state of the European Economic Area (EEA) without being dissolved if certain conditions are satisfied.

The duration of I.K.E, if not otherwise stated in its articles of association, cannot exceed 12 years. Its minimum capital can be €1 and may be paid in cash or be represented by guarantees or non-capital contributions such as services offered by the shareholder to the company.

8.2. Partnerships

8.2.1. General Partnerships – A general partnership may be formed by two or more physical or legal persons. Partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. There is no minimum share capital requirement. The Administration and registration procedures are similar to other types of legal entities and therefore partnerships are also required to be registered at the General Commercial Registry (GEMI).

8.2.2. Limited Partnerships – A limited partnership may be formed by two or more physical or legal persons. There must be at least one general partner and at least one limited partner. General partners are jointly and severally liable to an unlimited extent for the debts and obligations of the partnership. The liability of the limited partners is generally limited to the amount of their contribution. Limited partners are not permitted to manage or represent the company. If they do so, become liable for the debts and obligations of the partnership as if they were general partners.

There is no minimum share capital requirement.

8.3. Branches

Foreign companies may generally contract business activities in Greece through a branch. Before establishment, foreign companies are required to submit certain documentation, including the companies' articles of association to relevant authorities and be registered with the General Registry «GEMI»

8.4. Other Entities Useful to Foreign Investors

Offshore Companies - Foreign commercial or industrial entities of any legal form which exclusively engage in commercial activities outside of Greece may establish offshore branches in Greece

according to Law 89/1967. The same right is granted to foreign shipping companies under the provisions of Law 378/1968.

To establish an offshore office the following prerequisites apply:

- The business must be exclusively engaged in activities outside of Greece;
- Bank letter of guarantee for USD 50,000 must be deposited to the Ministry of Economy and Finance (article 22 Law 1262/1982);
- With **reference** to branches of foreign shipping companies it is required that they cover with foreign currency their annual expenses for operating in Greece with an amount at least equal to USD 50,000 and all payments in Greece for themselves or on behalf of third parties; and an offshore branch must keep a receipts and expenses book but it has no obligation to publish any financial statements.

8.5. Audit and Accounting Requirements

Corporations (entities with the legal form of S.A. or LTD) are required to prepare an annual report, that includes a fair view of the development and performance of the company's business and its position, and a description of the principal risks and uncertainties the company faces. Also, generally companies are required to prepare, in accordance with Greek Accounting Standards Financial Statements «Greek GAAPs» Financial Statements.

Listed companies in the Athens Stock Exchange and Public interest entities are required to prepare their accounts according to International Financial Report Standards (IFRS). Corporations and foreign bank branches may be required to have their annual financial statements audited by at least one certified auditor (member of SOEL) if at least two of the three thresholds listed below are exceeded for two consecutive years:

- Total Assets	€4 million
- Net Turnover	€8 million
- Average number of employees'	50 persons

8.6. Taxation Compliance Audit

Corporations that have been audited by a statutory auditor have the option to be audited by their auditors or may elect to be investigated by the Inland Revenue.

9. Labour

9.1. Competitive labour

The Labour law has recently being amended making it easier for employers to reduce its labour force when needs arise or to increase its labour force under favourable supported by the Government schemes.

According to latest data from the National Statistical Service, the number of people in the Greek labour force is 4,3 thousands, with an estimated number of unemployed ranking maximum 27.5% and current rate of 20.6%.

Although Greece has a relatively small labour force, there are certain quality factors which make the country competitive and more attractive in this field than most of its European counterparts.

Under the current Investment schemes Employment is a factor counted for the amount of investment incentives to be offered.

9.2. Education

The educational structure of the Greek labour force has improved impressively over the last few years. Yearly the number of students that are enrolled in Greek and foreign universities average to 42 thousands, which apply to Greek universities and more than 40 thousands which apply to foreign universities abroad, (mainly in the UK and USA).

Other factors are:

- Most small and medium-sized enterprises doing business in Greece will not need to hire staff as this will be taken care of by an appointed representative.
- In general terms, however, staff recruitment is not a problem. The labour force is highly educated and most Greek businessmen speak at least some English.
- Local agencies offer office support services to companies setting up in Greece.

9.3. Labour cost

Greece combines a reasonable pool of skilled workers and a good supply of unskilled labour and has one of the lowest labour costs in the EU. Greece has the second lowest labour costs in the EU.

9.4. Productivity

In recent years labour productivity has increased significantly with growth rates above the EU average. Due to the present crisis the tendency is for a more favourable labour climate that can fruitfully be put in use.

9.5. Working hours

Greek employees work more hours than most of their European counterparts. The country's working hours are above the EU average and put Greece in second position with 1,810 hours annually.

9.6. Social security system

The Social Security Rate in Greece stands in total at 41.06%, spread 16% for employees and 25.06% for employers with effective date of application 1 July 2016. Previous rate applicable was 40.06. Social Security Rate in Greece averaged 42.34 percent from 1981 until 2016, reaching an all time

high of 45.10 percent in 2012 and a record low of 29.05 percent in 1981. Social Security Rate in Greece is reported by the GSIS, Greece. The current rates are calculated on the gross earnings with a ceiling amount of €5,543.55 and the ceiling will be increased to €5,860.80

Companies must insure all workers through «The Single Social Security Agency» (in Greek ΕΦΚΑ), which provides sickness and pension benefits. Radical re-organisations have been taking place, aiming at reducing the number of the major and subsidiary funds and to increase the pension age as well to unify the present pension age of 65 for both sexes.

Different to the above rate apply for example to employees working at airway companies, journalist etc.

Special additional contributions apply to workers in hazardous employment (e.g. miners, linemen and deep-sea divers). Workers in these industries are entitled to early retirement, generally between the ages of 50 and 55.

As from 1 January 2017 changes had been implemented as to the base of calculation of Social Security Rate and those who mostly affected are free-lancers and board of director's members.

9.7. Wage regulations

9.7.1. Types of employment contracts

The main type of employment is regulated through «Open-ended employment contracts». «Fixed-term employment contracts» are permitted in exceptional cases, when the limited duration is justified by some specific ('objective') ground, such as the time required to perform a specific task for the employer. Where there is no such ground, the contract is deemed to be open-ended, even if it has been agreed as being fixed-term. Moreover, where there continues to be a specific ('objective') ground, the renewal of a fixed-term contract without limit is permitted. Where the specific ground does not exist, it will be presumed to be an «open-ended employment contract».

9.7.2. Termination of employment contracts

«Fixed-term contracts» terminate after their term expires or they can be rescinded where there is a serious ground. «Open-ended employment contracts» are terminated by rescinding them.

No compensation is owed when a «Fixed-term employment contract» is terminated. When an «Open-ended contract» is rescinded compensation is payable according to the years of service. Extra compensation is due for employees that have reached 17 years of employment with same employer on 12.11.2012.

9.7.3. Fringe benefits

In the private sector fringe benefits are extensive, and mandatory benefits add to the labour costs. Mandatory bonuses include one month's salary or 25 days' wages at year-end, plus half a month's salary or 13 days' wages, both at Easter and during the summer vacation period. At the managerial level the value of benefits over and above the statutory are paid which include: productivity bonuses, with packages in kind such as insurance, cars and continuous university and professional trainings.

9.7.4. Vacation days – Vacation Bonus

Vacation days (holidays) can be granted from the first month of employment in the same business according to Greek Legislation (not all days but the days that have been worked – it is 1.67 days per month for the first year of employment).

The legal vacation requirement is dependent whether an employee with an «Open-ended employment contract» works on five days per week or six days per week and according to his period of employment as set out in the table below:

Years of Service with the same Employer	System of 6 days of employment with the per week	System of 5 days of employment with the per week
1 year fully completed.	24	20
2 years fully completed	24	20
3 years fully completed	25	20

In addition there are seven customary and five legal holidays. In practice, however, vacation leave is usually longer.

Part-timer employers are also entitled to vacation days and vacation bonus.

9.7.5. Wage levels

Enterprises and collective agreements provide for Minimum wage levels. Some occupations have set up their own agreements, which prevail over the general one and usually include terms that are more favourable to the employee.

Progressively the above mentioned agreements are now being replaced by businesses' contracts (epihirisiakes symvasis)

The national collective labour agreement is negotiated between the General Confederation of Workers of Greece, on behalf of the employees and the employers' organizations, headed by the Association of Greek Industrialists whilst businesses' contracts (epihirisiakes symvasis) are being negotiated directly by the employers and representatives of employees.

It is stipulated that men and women are paid the same pay for the same work.

9.7.6. Working hours

Legal working hours stipulated by current legislation are usually set at 40hour per week for businesses which employ their staff on a six days or a five-day per week working schedule, unless the labour agreement indicates otherwise.

Normal working hours stipulated in collective agreements or arbitrary decisions and in private agreements between the employer and the employee are set at 40 hours a week except in specific cases.

10. Taxation

10.1. Taxable status

The most common way to establish a business in Greece is to either register a Corporation (AE), a Limited liability company (EPE) or a Branch. Foreign shipping companies can also establish an offshore office under Law 89/67. Under the provisions of this Law, income from activities outside Greece is tax free.

In accordance with the domestic Greek legislation, an entity (legal person) acquires permanent establishment if:

- a) It is established or incorporated under Greek legislation.
- b) It has registered office in Greece
- c) It has its place of effective management in Greece at any time during the tax year.

Non-resident legal entities or physical persons are generally subject to tax on their Greek source income, subject to the terms of any applicable tax treaty.

Resident legal entities or physical persons are generally subject to tax on their world income.

Nevertheless, even if it is not formally registered in Greece, a foreign enterprise can acquire a «permanent establishment» (normally the maintenance of a branch, factory, or other fixed place of business) in Greece giving rise to corporate tax on income arising in Greece as well as other tax and accounting obligations. The double taxation treaties between Greece and other countries that have signed mutual agreements clearly define the situation when a permanent establishment arises, as well as the provisions for double taxation avoidance.

10.2. Corporate taxation

Net profits of legal entities are currently taxed at the rate of 29%. This rate is applicable to companies reporting their financial statements after 1 January 2015. Prior to 31 December 2015 the rate applicable was 26% with applicable reductions of this rate for companies operating in places with a population of less than 3100 or on islands.

Dividends or distributed profits by Greek AE are subject to a withholding tax at the rate of 15% from 1 January 2017. Those profits distributed prior to 31 December 2016 are subject to withholding tax of 10%.

Tax withheld on dividends received by Greek AE and EPE companies from other Greek AE and EPE are set off against the tax on future distributions by the above mentioned recipient companies.

An exemption from corporate income tax applies on profits received by Greek AE and EPE companies from their EU subsidiaries provided that such profits are not distributed and are transferred to a tax free reserve account and on condition that the Greek company should have a participation of 10% in the foreign company for at least 2 consecutive years.

10.3. Taxation of Individuals

Non-resident individuals are generally subject to tax on their Greek source income, subject to the relevant treaty that concerns such individual.

Resident individuals are generally subject to tax on their world income.

Individuals are generally subject to personal income tax on their taxable employment, pension and other taxable income from other sources, (other than income from other sources that is taxable at source) at the rates depicted in the table below:

Taxable income	Rate
Up to €20 000	22%
Between €20 001 - €30 000	29%
Between €30 001 - €40 000	37%
Over €40 001	45%

10.4. Taxable capital gains

Taxable capital gains from the transfer of immovable property or securities etc. are generally subject to the following tax rates:

Income category	Rate
Dividends	10% up to 31 st December 2016, 15% thereafter
Interest	15%
Rights (Royalties)	20%
Immovable property	15% on income up to €12.000, 33% on income from €12.001 to 35.000 and 45% on income over €35.000

10.5. Withholding Taxes on Payments abroad

The rates of the above table are applicable as withholding taxes rates for payments made abroad.

10.6. Determination of income on imputed basis

Exceptionally the total income is determined on the basis of living expenses of the taxpayer and his dependent persons leaving with him, when such estimated imputed income is more than the total declared income.

10.7. Allowances, Tax Credits and Extra taxation

The tax that is derived by the assessment of an individual, based on the rates (depicted in section 7.3), are subject to the following allowances:

- A tax deduction of €1,900 that is single without dependent relatives provided his income of employment does not exceed €20,000.
- The above deduction is increased to €1,950 if the taxpayer has one child, €2,000 if the taxpayer has two children and €2,100 if the taxpayer has three children.

If the taxpayer's tax is less than the previous' deductions, such restrictions are restricted to the calculated income tax.

An additional €200 deduction is provided if the dependents of taxpayer are incapacitated.

10.8. Indirect and other taxes

The most important indirect tax is value added tax (VAT). The standard rate is 24%. Registered traders can generally recover the VAT with which they themselves are charged on their purchases of goods and services, subject to conditions and possible exceptions.

Under certain conditions the appointment of a VAT representative is required where the supplier is not registered in Greece or in the EU.

Other taxes include Capital concentration tax (1%).

10.9. Special taxes on Real Estate

Currently, individuals and legal entities owning real estate in Greece are subject to the Unified Real Estate Tax (UREOT), irrespective of their citizenship, residence or registered address. UREOT is imposed on property owned as at 1 January of each year. Real estate subject to the tax includes plots of land located outside city limits. Exemptions continue to apply and cover certain categories of real estate and taxpayers (e.g. the State, public legal entities, churches, monasteries, museums etc.).

UREOT consists of a main tax and a supplementary tax and is determined by the tax authorities on the basis of E9 returns where tax payers declare all their real estate holdings. The main tax for real estate located within city limits ranges between €2 and €13 per square meter for buildings and between €0.0037 and €11.25 per square meter for plots of land. The main tax for plots of land located outside city limits is €0.001 per square meter and it is increased fivefold if a residence is built on the plot of land. The above rates are multiplied by coefficients that depend on a number of factors deemed to affect a property's value, such as its location, surface area, age, etc.

The supplementary tax is imposed on individuals owning real estate whose cumulative aggregate value exceeds €200 000 and it is calculated on the excess value at progressive rates ranging from 0.1% up to 1.15%. Legal entities are also subject to supplementary tax, which is generally calculated at the rate of 5.5‰ on the total value of their real estate, unless the property is used for own business purposes, in which case the rate reduces to 1‰. Under conditions, partial or full reductions of tax can be granted to individuals and postponement of tax can be allowed for legal entities.

In addition, Greek and foreign companies owning or having usufruct rights on (use of) real estate located in Greece are subject to a special annual tax calculated at the rate of 15% on the objective tax value of real estate, unless certain conditions are fulfilled (including **(a)** if their ultimate individual shareholders are revealed/obtain a Greek tax number, and **(b)** certain entities, such as listed entities, banks, etc.).

Furthermore, the holding of Greek real estate gives rise to certain municipal property taxes (not normally of significant value), which are collected through electricity bills.

Real estate transfer taxes apply for transfers of real estate not subject to VAT (see above), with the current rate being equal to 3% (exemptions may apply for the purchase of a primary residence).

10.10. Tax incentives

Scientific and technological research expenses may generally be deducted from the taxable income at the rate of 130%.

11. Accounting & Reporting

Regulatory professional body for Accounting and Auditing principles in Greece: SOEL-[Soma Orkoton Elegton Logiston](http://www.soma-orkoton-elegton-logiston.gr).

Website: www.soel.gr

11.1. Structure of SOEL

The Institute of Certified Public Accountants (CPA) of Greece (SOEL) operates under the provisions of the Presidential Decree #226/1992 which was issued in compliance with Law #1969/1991 and the recent legislation 4449/2017



The General Assembly (GA) of all Certified Public Accountants expresses the strategic intent of SOEL. SOEL is administered and supervised by a Supervisory Council (SC). The Scientific Board (SB) of SOEL carries out quality control over the performance of all CPA's and firms, while disciplinary action is taken by the Disciplinary Board (DB) of SOEL. The Ordinary General Assembly of the CPA's elect the members of the SC and of the SB and their official representative to the three-member DB.

11.2. Audit performance

In Greece, only auditing firms that are officially registered in the corresponding registry of SOEL are eligible to perform financial audits. According to article 17 of PD#225/1992 as it was amended by PD#341/97, every CPA must be employed by an auditing firm. There is no limitation regarding the range of professional services offered by member firms unless there is a conflict in the scope of work, as explicitly is dictated by the Law. The necessary capital stock for an auditing firm is similar to that provided for all enterprises (société anonyme, limited liability co., etc.). According to article 7 of #623/18.4.1997 of the Professional Ethics Regulation of SOEL members, an auditor or audit firm should not advertise or promote professional services offered or name and title in a way which degrades the audit profession, as established and practised in Greece, or raises doubts about the professional efficiency of other auditors or audit firms.

11.3. Auditing and financial reporting

The Greek government recently passed legislation that adopted International Accounting Standards for financial reporting in Greece. This legislation applies for financial statements that are corresponding to the reporting periods of 2004-2005 (that is, adoption from 2005 onwards), and is compulsory for all listed on the Athens Stock Exchange companies.

The new legislation applies to both firm level and consolidated financial statements and is optionally applicable by any other entity which is audited by the Institute of Certified Accountants Auditors of Greece.

A committee has been set up to supervise the detailed implementation of this legislation. Currently Greek companies are in the process of conversion of their financials to reporting under the

International Accounting Standards provisions and principles. This will provide uniformity of financial reporting within the Eurozone, conformity with European legislation and comparative figures for any interested party willing to consider investment opportunities in Greece.

11.4. Accounting standards

The International Financial Reporting Standards (IFRS) were introduced in Greece, according to the Law 2992/2002, in relation to companies listed on the Athens Stock Exchange. These companies are obliged to present their annual or periodical financial statements (including consolidated statements) prepared for periods ending after 1 January 2005 according to the new accounting standards imposed by the new Law.

Optionally - Non listed companies can apply IFRS after that date, on the condition that there is a relevant decision by the General Assembly of the Shareholders and a five-year application at least.

In 2014 the Greek Financial Reporting Standards were introduced. Companies that do not implement IFRS may implement such Standards for the financial year ended 31 December 2014

Taking into account that the accounting results will differ from the taxable results, reconciliation will be presented in the notes to the financial statements.

11.5. Audit requirements

Currently accounting audits of banks, insurance companies, government organizations, companies on the Athens Stock Exchange, and companies which for two successive years fulfil two of the three criteria (assets at least €1.5 million, turnover at least €3 million and personnel at least 50 employees) may only be performed by a recognised auditing firm of certified auditors (i.e. member of the Institute of Certified Auditors "SOE").

All major international accounting firms are certified auditors.

12. UHY representation in Greece



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BRIEF DESCRIPTION OF FIRM

Axon Certified Auditors was founded in December 1996 under the Provisions of the Presidential Decree 226/1992, which established the new legal form of operation of the Audit profession in Greece. The firm provides professional services to Greek and foreign-owned businesses.

SERVICE AREAS

Auditing
 Taxation Consulting
 Company valuations
 Corporate re-engineering reports
 Corporate Governance Compliance
 Internal accounting control systems
 Mergers & acquisitions reports
 Company reorganisations reports
 Company valuations
 IT systems

SPECIALIST SERVICE AREAS

Accounting department follow-ups
 Raising capital
 General and sectoral accountant drawings applications
 Payrolls

PRINCIPAL OPERATING SECTORS

Accounting
 Banking
 Construction
 Financial Services
 Health Care
 Hotels
 Retail
 Transportation (road/rail/water) & infrastructure

LANGUAGES

Greek, English, French

CURRENT PRINCIPAL CLIENTS

(Partial list of clients permitting public disclosure. Confidentiality precludes disclosure of all clients in this document.)

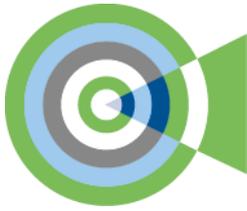
Cooperative Bank of Chania
 Cooperative Bank of Epirus
 Bank Information Systems (Tiresias S.A.)
 Municipality of Kos
 Municipality of Nafplion
 G.A. Moustakas Toys SA
 M.N. Giannoulis Hotels SA
 Hellenic Company of Hydroconstruction SA

OTHER COUNTRIES IN UHY CURRENTLY WORKING WITH, OR HAVE WORKED WITH IN THE PAST

Cyprus, Spain, United Kingdom

BRIEF HISTORY OF FIRM

Axon was established at the end of 1996 by Stavros Nikiforakis and Efthymios Antonopoulos, specializing in Auditing, Financial Advisory Services, Taxation and a wide variety of services



**LET US HELP YOU ACHIEVE
FURTHER BUSINESS SUCCESS**

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