

The Greek Government specifies which investments are eligible for the non-dom tax regime

Pursuant to the non-dom tax regime enacted last year¹, persons who apply to become tax residents of Greece on the basis of the alternative non-dom tax regime for HNWI - which requires the person to have been non-tax resident of Greece for the last 7 years and entails exclusion of the offshore income from the income tax reporting obligations in exchange for an annual flat tax of € 100,000 - must invest at least € 500,000 in Greek assets (i.e. real estate, fixed assets of a business undertaking, securities or shareholdings). The investment can be made in the name of the applicant, an immediate relative, including the spouse, parents, grandparents, children or grand-children, or a legal entity which is by more than 50% owned by the applicant.

The joint ministerial decree 147269/2020 (“the joint ministerial decree”) issued on 30 December 2020

by the Deputy Minister of Finance and the Alternate Minister of Growth and Investments, lays down the criteria that these investments must meet.

Moreover, it supplements the decree previously issued, by setting out the additional documentation which the applicant is required to submit: (i) with the application for acquiring the non-dom tax resident status, (ii) each year until completion of the investment and (iii) each year thereafter until the regime is no longer applicable for him (i.e. maximum 15 years)..

General eligibility conditions

The joint ministerial decree confirms that the investment must be carried out any time between the entry into force of the non-dom tax regime for HNWI (i.e. 12 December 2019) and 3 years after the filing of the person’s application.

Moreover, it specifies that asset

¹ For more details about this tax regime you may refer to our December 2019 tax alert: <https://ktl.gr/wp->

transfers from relatives do not constitute eligible investments. Specifically, real estate, fixed assets of a business or shareholdings do not qualify if they have been transferred to the applicant (or his relatives) by immediate relatives (i.e. spouse, parents, grand-parents, children or grand-children). Likewise, the acquisition of assets from a legal entity is not considered as a qualifying investment to the extent the asset transferred had been ultimately owned by relatives, through their direct or indirect shareholdings in the entity transferring the asset (i.e. the part of the value of the asset corresponding to their direct or indirect ownership percentage in the legal entity transferring the asset is not counted in the value of the asset for the purposes of determining whether the investment meets the € 500,000 threshold).

The € 500,000 minimum value of investment can consist either in one single asset or in up to three distinctive investments. All these investments must be carried out within a period of 3 years from the application. Hence, if, for example, a person has already made, after 12 December 2019, an investment which is, however, below € 500,000, she can make within 3 years after her application for inclusion to the non-dom tax regime an additional or two additional investments to cover the difference.

The investment must be held for the entire duration for which the individual chooses to be included in the non-dom tax regime, which has a maximum duration of 15 years (including the year of application).

Points to consider for the eligibility of various investment options

Below are listed the various investment options for the non-dom tax regime and specific points that are relevant for them. In every case, the applicant must substantiate the existence of funds for the investment by submitting a recent quarterly bank statement.

Purchase of real estate in Greece:

For a large part of properties in Greece (especially for the ones in urban areas) there exist objective (reference) values. In accordance with these values the tax authorities calculate the annual unitary real estate ownership tax liability as well as the minimum acceptable amount of real estate transfer tax, should the contract value be lower. In most cases, the contract value is higher than the objective value and, in several cases, by more than 10%. The joint ministerial decree stipulates that if the contract value is more than 10% higher than the objective value of the property and the applicant wishes that the contract value be considered for the minimum amount of the investment required, he must also submit an appraisal report by qualified real estate appraisers.

Purchase of fixed assets of an existing or a newly established business in Greece:

Valuation report shall be required, validating the value of assets.

Investment in shares of companies, which are established and operate in Greece:

The investee must exist already and the investment can be structured either as a participation in its

share capital increase, in which case the amount of share capital contribution and any share premium paid are considered as eligible investment, or purchase of existing shares. In the latter case, as value of the investment is considered the net equity of the entity as such net equity is ascertained in a certified auditor's report. In order for the investor to be able to support a higher value for his investment, based on the purchase price paid, the decree stipulates that this is possible provided the share purchase transaction is effected by means of a notary deed and, additionally, a relevant valuation report is submitted. This requirement applies for non-listed shares only.

Purchase of listed shares or bonds of Greek entities via an investment intermediary firm or financial institution, which has its headquarters or a branch in Greece and the set-up of account with the Hellenic Central Securities

Depositary: In this case the investor must maintain a specially designated bank account at a bank operating in Greece, solely for the purposes of investing in the Stock Market and, following his initial investment, the annual average balance in that account must not exceed 20% of the value of his initial investment. To that end, he must ensure that he reinvests in the Stock Market any sale proceeds required in order that the annual average balance of the account remains up to 20% of the initial investment.

Purchase of Greek sovereign bonds through a bank operating in Greece:

At the time of their purchase the maturity of the bonds must be at least 3

years later.

Acquisition of units in Collective Investment Vehicles established in Greece and supervised by the Greek Securities and Exchange Commission ("SEC") or whose manager is registered with the Greek

SEC: The investments in the units and the reinvestment of the proceeds from their redemption, which must take place within one year, must be channeled through a specially designated bank account opened at a bank operating in Greece.

Mandatory verification procedures and required documentation

Should the investment be completed before the individual applies for the non-dom tax residency status (application deadline is the 31st of March of the year in which the wishes to acquire this status), the relevant documents that substantiate the implementation of the investment, its value and full payment of the price must be submitted with the application. In the opposite case, the applicant must submit each year following approval of his application and no later than 31st of May a status report regardless of the progress of the investment.

Upon completion of the investment, which is due to happen within 3 years from the non-dom tax residency application, the relevant documents that evidence its full materialization must be submitted.

Each year thereafter, the individual must submit an annual report together with the appropriate documents that evidence that the person continues holding the investment (e.g. in case of a real estate property investment: recent land register/cadastral office certificate; in case of an investment in a company's

shares: Company's certificate evidencing that the individual continues holding the investment, along with its financial statements and any other appropriate information proving that the company continues carrying out business activities and engage personnel in Greece.

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