



Tax News

New Social Security Law

Law 4387/2016, which applies as from 12 May 2016, provides for the establishment of a single social security institution (EFKA) and introduces significant changes to the Greek social security system.

The most important features of the new law are as follows:

Freelancers and self-employed persons

- As from 1 January 2017, the social security contributions of freelancers and the self-employed

Contacts:

Achilleas Miltsanidis
Tax Principal
amiltsanidis@deloitte.gr
Tel. +30 210 6781289

George Ntaiakas
Tax Senior Consultant
gntaiakas@deloitte.gr

will be calculated on their monthly income as determined according to their taxable income (derived from professional activities) of the previous tax year. The minimum monthly income subject to social security contributions will be EUR 586.08 and the maximum EUR 5,860.80.

- Indicatively, as from 1 January 2017, newly insured persons who previously were covered by the insurance organization for the self-employed (OAEE) will be subject to a social security contribution rate of 26.95% (which covers the main pension and medical care), and newly insured persons covered by the organization for independent professionals (ETAA, which covers professionals such as engineers, doctors and lawyers) will be subject to a rate of 37.95% (which covers main pension, supplementary pension, medical care and welfare). The monthly contribution of EUR 10 for unemployment remains unchanged.
- Persons insured under ETAA who have annual income up to EUR 58,000 will be granted a discount on their social security contributions for the period 1 January 2017 to 31 December 2020.

Salaried employees

- The social security contributions of all salaried employees (including those previously covered by ETAA) will be calculated on all types of remuneration.
- As from 1 June 2016, the social contribution rate for the supplementary pension increases from 6% to 7% (3.5% each for the employee and the employer).
- In this respect, as from 1 June 2016, for the majority of salaried employees, the social security contributions rate amounts to 41,06% (16% employee + 25,06% employer) which covers main pension, supplementary pension, medical care and unemployment (OAED, OEK, OEE), whilst for the salaried employees covered with welfare too, the said rate amounts to 45,06% (20% employee + 25,06% employer)
- The monthly upper earnings cap for the calculation of the social security contribution is set at EUR 5,860.80.

Members of boards of directors

According to the New Law, fees paid to members of a board of directors are subject to social security contributions.

Social security fund selection

Newly insured individuals no longer may select one social security fund if they are subject to the mandatory insurance of two or more funds.

Payroll issues

- The employer must report the social security contributions of all of its salaried employees in the analytical periodical statement as it applies to insured individuals that were covered by the IKA (the main social security organization for salaried employees).
- As from 1 July 2016, the employer must deposit the monthly salaries, the corresponding social security contributions and pay-as-you-earn taxes of its employees in a bank account. Each amount then will be paid by the relevant bank to the employee's account, the social security funds and the Greek state, respectively.
- A common register for those liable for the payment of social security contributions and income tax will be set up once a relevant ministerial decision is issued. The new register should harmonize and standardize the process for registration, reporting, payment, and the imposition of income tax and social security contributions.
- The rules applying to employees with respect to the calculation and payment of social security contributions also will apply to freelancers and the self-employed who provide services to no more than two clients and who are remunerated based on the issuance of an invoice for the provision of services.

[Deloitte Business Solutions Hadjipavlou, Sofianos & Cambanis S.A.](#)

3a Fragkoklissias & Granikou str.

Maroussi, 151 25

Attika, Greece

Deloitte Greece is a member of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

In Greece, "Deloitte Hadjipavlou Sofianos & Cambanis S.A." provides audit services, "Deloitte Business Solutions Hadjipavlou Sofianos & Cambanis S.A." financial advisory, tax and consulting services and "Deloitte Accounting Compliance & Reporting Services SA" accounting outsourcing services. With a staff of more than 600 and offices in Athens and Thessaloniki, Deloitte Greece focuses on all major industries including financial services, shipping and ports, energy and resources, consumer business, life sciences and health care, manufacturing, technology, media and telecommunications, real estate and public sector services. Deloitte clients include most of the leading private and public, commercial, financial and industrial companies. For more information, please visit our website at www.deloitte.gr

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

2016 All rights reserved.

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.