



Tax News

Tax rates/brackets revised

Law 4387/2016, published in Greece's government gazette on 12 May 2016, introduces changes to the tax rates and brackets applicable to income from employment, business activities, real property and dividends, as well as the special solidarity tax imposed on total taxable income.

The new rates/brackets apply retroactively to income earned as from **1 January 2016**, except for dividends,

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where the new rates will apply as from 1 January 2017.

1. **Employment income** is subject to tax as follows:

Total taxable income (EUR)	Tax rate
0 – 20,000	22%
20,001 – 30,000	29%
30,001 – 40,000	37%
above 40,000	45%

The tax allowance is reduced from EUR 2,100 to EUR 1,900 for taxpayers without children, to EUR 1,950 for taxpayers with one dependent child, EUR 2,000 for taxpayers with two dependent children and EUR 2,100 for taxpayers with three or more dependent children provided taxable income does not exceed EUR 20,000. If taxable employment income exceeds EUR 20,000, the tax allowance is reduced by EUR 10 for each EUR 1,000 of taxable employment income exceeding EUR 20,000.

2. Income from **business activities** is taxed at the marginal rate on top of income from employment. The above tax allowance does not apply to income from business activities.
3. Income from **real property** is taxed separately at the following tax rates and brackets:

Income from real property (EUR)	Tax rate
0 – 12,000	15%
12,001 – 35,000	35%
Over 35,000	45%

4. **Dividend** income will be taxed at a flat tax rate of 15% (increased from 10%).
5. The rate of the **special solidarity tax** imposed on total income from employment, business activities, capital and capital gains, taxable or non-taxable, real or imputed, is as follows:

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Total income (EUR)	Special solidarity tax
0 – 10,000	0%
12,001 – 20,000	2.2%
20,001 – 30,000	5%
30,001 – 40,000	6.5%
40,001 – 65,000	7.5%
65,001 – 220,000	9%
Over 220,000	10%

6. The provision of a company car by an individual or legal entity to its employee, partner or shareholder is increased to **80%** (from 30%) of the cost of the car that is recorded as an expense in the accounting books of the company.

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