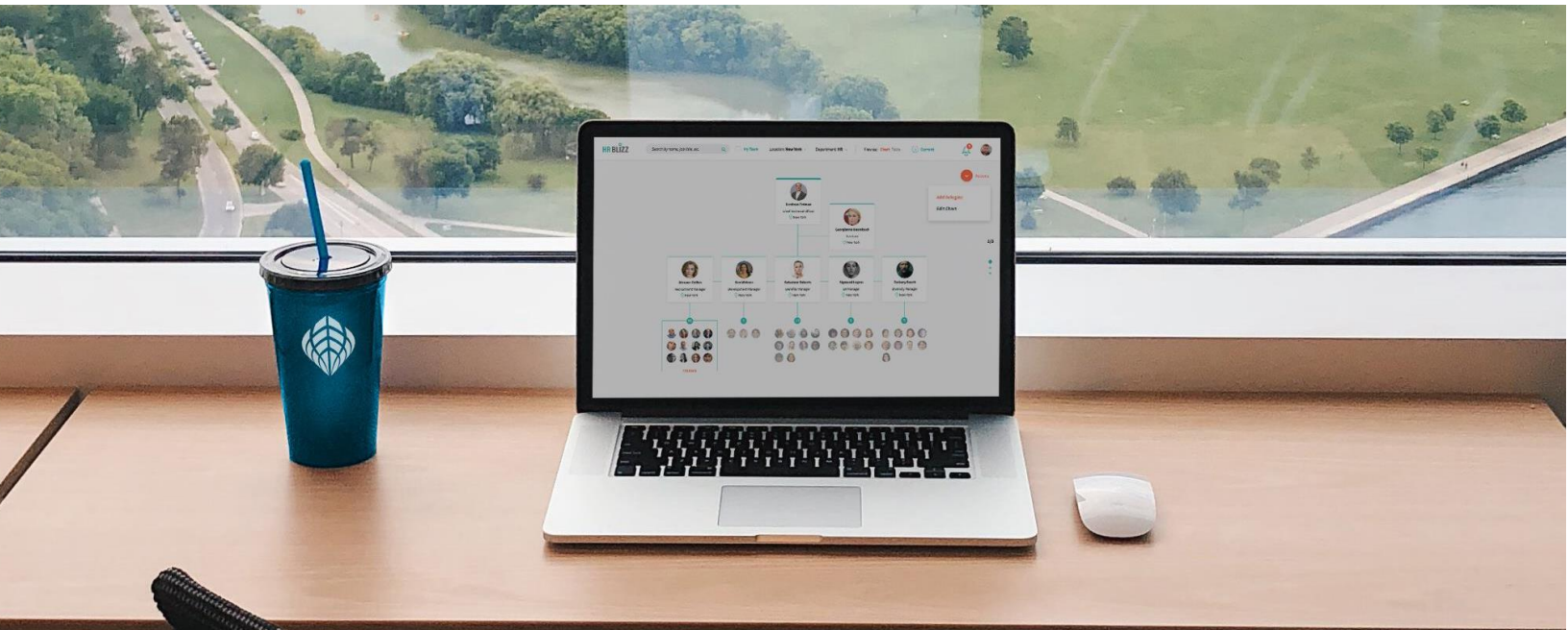




Simplifying Employment  
Tasks Worldwide

# Payroll & Tax Highlights

## 2020 Global Payroll Country Guide for Greece



**GREECE**



May 31, 2020



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# We help you achieve your global ambitions

Thank you for trusting Mercans to outsource your HR and Payroll functions. We propose HR consulting services, actionable solutions, and cost-effective global payroll processing tools to energize your human capital management in real-time and augment your performance. We are dedicated to becoming your business growth facilitator.



## **Global Payroll Solutions – Boost your HR brand and employee satisfaction**

Rationalize your HR budgets, monitor your data, and optimize your global payroll tasks in real-time. Systematize processes and streamline HRM lifecycles with HR Blizz™, our unified SaaS platform, to ensure your employees are paid accurately and on time.



## **PEO/GEO Services – Easily hire, deploy and manage your workforce abroad**

A reliable Professional Employer Organization (PEO), Mercans is your trusted employer of record to globally select, engage, and manage highly-qualified personnel on your behalf, through integrated Global Employment Outsourcing (GEO).



## **Global Talent Acquisition – Quickly fill vacancies with only the best candidates**

Mercans supports you in designing/deploying long-term HR strategies and processing full-cycle recruitment. Our ATS Suite Mesaar™ and our hiring experts help to screen, select, attract the right candidates for your organization, and populate your pipeline of prequalified talents.



## **BPO Services – Reclaim the focus on your core activities to expand your business**

Concentrate on the essentials: outsource non-primary activities and your front- and back-office functions to Mercans. Save the time, money, and energy needed to refine the value chain engagement of your customers and suppliers, and increase revenue.



## **HR Management SaaS – Access customizable cloud-based online platforms**

Centralize your HR function on an all-in-one user-friendly and self-service platform. Combined with the expertise of our consultants, the Mesaar SaaS offers a built-in applicant tracking system and easy-integration features to improve internal processes.



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### **Local Statutory Compliance – Forget the hassle of setting up branches abroad**

Mercans seasoned HR advisory team are compliance experts specialized in local cultures, business protocols, and tax and legal specificities. They are committed to ensure quick go-to-market abroad and achieve a compliant global expansion, risk-free from A to Z.



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## Mercans at a Glance

**140+**

Countries

**20**

Years of Success

**500+**

Specialists

**5k+**

Customers Worldwide

**97%**

Client Retention Rate

**1.5X**

Annual Revenue Growth

**25k+**

Largest Single Payroll

**2.5M+**

Pay Slips per Annum

**0**

Security Breaches

**Number one** for outsourced payroll services, we are endorsed by international authorities.



Mercans has the highest industry quality and IT security certifications.





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## Greece – facing steep contraction.

The economy of Greece is the 51st largest in the world with a nominal gross domestic product (GDP) of \$218.032 billion per annum. As of 2019, Greece is the sixteenth-largest economy in the 27-member European Union.

Greece is a developed country with an economy based on the service (80%) and industrial sectors (16%), with the agricultural sector contributing an estimated 4% of national economic output in 2017.

Important Greek industries include tourism and shipping. With 18 million international tourists in 2013, Greece was the 7th most visited country in the European Union and 16th in the world.

As a result of the country's diversification of the economy, industry has replaced agriculture as the second source of income after services, accounting for 15.3% of GDP and employing 15.3% of the labor force.

Rising exports, tourism revenue and domestic consumption continued to support Greek economy in 2019; however, the growth rate remained below expectations amid limited private investment and under-execution of public investment. GDP was expected to have grown by 1.9% in 2019.

Looser fiscal policy and higher foreign capital inflows are expected to boost the growth rate in the short term; nevertheless, weaker global economic growth and demographic challenges could weigh on growth in the medium-term.

Shrinking and ageing population, combined with brain drain, could also pressure economic recovery. The government introduced a scheme to lure back young professionals by offering jobs that pay workers at least €3,000 a month for two years, largely above the average Greek salary at the moment.

The Greek economy is expected to record a recession of 10 percent in 2020, as a result of the macroeconomic shocks caused by the coronavirus pandemic, in accordance with the International Monetary Fund (IMF).

The IMF predicts that the recession will be followed by a 5.1 percent growth in 2021.

Regarding unemployment, the IMF estimates that it will rise to 22.3 percent in Greece in 2020, while for 2021 it estimates that it will hover around 19 percent.

The current account deficit will reach 6.5 percent of GDP by 2020, while in 2021 it will fall to 3.4 percent.

In addition, Greece will be led to deflation (-0.5%) in 2020. However, next year inflation will increase by 1% on average.



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## Doing Business in Greece

Greece is a European Union (EU) member state with easy access to south east Europe, the Middle East and countries around the Black Sea.

Made up of the mainland and over 1,400 smaller islands, Greece is well situated in the southern Balkan Peninsula. Doing business in this central location offers a gateway to Asia, Africa and Europe. However, the devastating effects of the global financial crisis in the late 2000s left the Greek economy in turmoil. With an ongoing sovereign debt crisis, doing business in Greece is certainly a challenge.

Greece's ongoing sovereign debt crisis continues to affect growth in the Greek economy. A major public sector privatization program and public sector restructuring is currently underway.

Strengths of the Greek market include:

- rich in natural resources
- highly educated and skilled workforce
- strong entrepreneurial tradition
- low labor costs

Challenges include:

- issues arising from the Greek sovereign debt crisis
- bureaucracy
- inconsistent and non-business friendly taxation system
- reduced consumer purchasing power
- 60th in the World Bank's Ease of Doing Business ranking

Despite these problems, there are potential advantages of doing business in Greece, including a highly educated and skilled workforce and low labor costs, combined with strong entrepreneurial tradition. The largest industries are energy, food processing, agriculture, retail and tourism, with over 20 million tourists each year. With recovery on the horizon, now could be the time to invest in business here.



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## Basic Facts

|  |   |
|--|---|
| <b>Official State Name</b>                   | Hellenic Republic (Greece)  |
| <b>Population</b>                            | 10.42 million   |
| <b>Capital</b>                               | Athens  |
| <b>Major Languages</b>                       | Greek   |
| <b>Currency</b>                              | Euro (EUR)  |
| <b>Main Industries &amp; Export Articles</b> | Textiles and clothing, food, oil products   |
| <b>GDP Growth</b>                            | 1.9% (2019)   |
| <b>Internet Domain</b>                       | .gr   |
| <b>International Dialing Code</b>            | +30   |
| <b>Dates &amp; Numbers</b>                   | Dates are usually written in the day, month and year sequence. Years can be written with 2 or 4 digits. For example, either 24/4/2020 or 24/4/20.<br>In Greece thousands are grouped by a period and decimals marked with a comma; i.e. 9.999.999,999 |



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## Entity Registration & Incorporation Requirements

Foreign companies usually establish their business presence in Greece through:

- A corporate entity, such as a:
  - Société anonyme (SA);
  - limited liability company; or
  - private company.
- A branch office.
- Appointing an agent (for example, a commercial agent or distributor).

A business enterprise in Greece can be operated as a company, a foreign branch, a trust, a joint venture, an individual or a partnership.

The most common forms of operation are:

- establishing a Greek subsidiary by registering as a Greek company
- registering as a foreign company

In most cases doing business in Greece requires local representation in the form of an agent or distributor. Regular market visits, especially during the early phase are an important part of a successful interaction with the agent or distributor. If using an agent or distributor it is also essential to provide:

- product training for the agent's workforce
- regular updates on developments, modifications, competitor activity

## Type of Business

The two main business vehicles used in Greece are partnerships and companies.

An individual company requires a pre-approval of the company name and the distinctive title by a relevant confirmation of the competent, depending on the type of the business activity, chamber of commerce (L.2081/1992, A'154). Moreover, it requires insurance with the competent obligatory insurer for all self-employed professionals, craftsmen, traders and motorists (<https://www.efka.gov.gr>). The next stage includes the declaration of the commencement of the business activity at the competent tax office (D.O.Y.), where the company is registered.

The major forms of business in Greece resembles with the French equivalent because in the 19th Century the system was copied from the French Commercial Law.



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Setting up a company online through the electronic one stop shop service (e-YMS) is made life easier. Digital platform available at <https://eyms.businessportal.gr>.

To start a business in Greece, you have to choose from one of the below mentioned corporate structures.

- Limited liability company ("EPE");
- General partnership ("OE");
- Limited partnership ("EE");
- "Société Anonyme" company ("AE");
- Private limited company ("IKE")

## Capital Companies

### Limited Liability Company ("EPE")

A Limited Liability company is a commercial company by law, even if its AoA do not state that it has a commercial object and irrespective of the business purpose actually pursued by its directors and partners.

One or two partners are required for the formation of a limited liability company. A limited liability company is liable for its debts with its assets.

The personal liability of the partners cannot be engaged and liability is limited to the amounts contributed by each partner in return for its portions of participation. The legal framework for limited liability companies in Greece (L. 3190/1955, A' 91) was amended by L. 4541/2018 (A' 93).

The partnership capital is determined by partners with no restriction. The minimum nominal value of each partnership part is set to be at least 1 Euro. All partnership parts shall get the same nominal value. The partnership capital can be formed by contributions in cash or in kind. In the latter case, contributions must be assets which can be evaluated in cash.

A limited liability company is incorporated (a) by a notarial deed or (b) by a private document using the standard "Model AoA". In the first case a notary public acts as a "one stop shop" service for the establishment of the company, whilst in the latter case the one stop shop service is GE.MI. service of the competent Chamber of Commerce.

The company name is formed either by the name of one or more partners or by the object of its business activity or by other verbal indications and it can be partially or entirely written out in Latin letters. The corporate name must include, written out in full, the words "Εταιρία



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Περιορισμένης Ευθύνης" or the acronym "Ε.Π.Ε." For its international transactions, the aforementioned words are expressed as "Limited Liability Company" and the acronym as "L.L.C" or "LTD".

The company name of a single member limited liability company must include the word "Μονοπρόσωπη Εταιρεία Περιορισμένης Ευθύνης" or "Μονοπρόσωπη Ε.Π.Ε.". For its international transactions, the previous words are expressed as "Single Member Limited Liability Company" or "Single Member L.L.C." or "Single Member LTD".

The limited liability company acquires its legal personality with its registration at the GE.MI. service and it is subject to publicity formalities set by law.

The statutory seat of a limited liability company is located in the Municipality of the Greek territory referred to in its statutes.

The duration of a limited liability company is definite and it is defined in years. The specified duration of the company can be prolonged before its expiration date with a relevant decision of the Partners' Meeting.

Subject to Greek corporate income tax of 20%. Dividends distributed to partners are subject to withholding tax of 25%; there is an exception to that for foreign parent companies situated in another EU country, as per the "parent-subsidiary directive" and also certain double tax treaties with some countries.

## **"Societe Anonyme" Company ("AE")**

A Company Limited by Shares, namely the Société Anonyme, is a capital company with legal personality, which is responsible for its debts with its assets. The company's capital is divided into shares. A company limited by shares is a commercial company, even if its purpose is not the exercise of a commercial activity. Businesses organized as companies limited by shares are typically more significant in financial terms. The internal organization of a company limited by shares includes the General Assembly of Shareholders, the Board of Directors and the Auditors. Shareholders own shares of the company which are either registered or bearer shares. Shareholders are not personally liable and their liability is limited to the amount of their investment. A Société Anonyme is incorporated and operates under L. 2190/1920, as amended by Law 4548/2018 (A' 104).

A minimum initial capital of 25,000 Euro is required for the formation of a company limited by shares to be paid entirely or partially. Shareholders' contributions may be in cash or in kind. The company's capital is divided into shares, which can be incorporated into equity securities of one or more shares or, with the preconditions of the law, to be intangible.



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The nominal value of each share cannot be defined to an amount less than four euro cents (0.04) nor more than one hundred (100) Euro. The nominal value must be equal for all shares. Exceptionally, shares of one series or category may have a different nominal value. The shares issued by the company are common shares, provided that they are not of a category for which there is a special provision by law. The company must have at least one common share. Common shares provide all the rights set by law, except for those provided for certain categories of shares. In any case, common shares provide voting rights and rights to the company's profits as well as rights to the company's liquidation product.

All rights deriving from the company's share must correspond to the percentage of the company's share capital each share represents.

A Société Anonyme can be established by one or more persons (founders) or become a Single-member S.A. concentrating all its shares in one single person. A company limited by shares can also appeal to the public through a public offering to cover entirely or partially its initial capital requirements or for a share capital increase or for a bond issue.

The name of a Société Anonyme is formed by the name of one or more of its founders or shareholders either by the object of its activity or other verbal indications. The company name can be imaginary or it can include an email address or any other indication related, directly and constantly, to the company. In case the business activity extends to more than one business objectives, the company name can be related to the main ones. Moreover, the company name can be entirely or partially expressed in Latin letters. Any potential widening of the business purpose does not oblige the company to change its name.

The name must include written out in full the words «Ανώνυμη Εταιρία» or the acronym «Α.Ε.». For its international transactions the previous words are expressed as «Société Anonyme» or the acronym «S.A.». If the company is a single-member company, the corporate name must include the word «Μονοπρόσωπη Ανώνυμη Εταιρεία» ή «Μονοπρόσωπη Α.Ε.». For the company's international transactions, the latter are expressed as «Single Member Société Anonyme» ή «Single Member S.A.». This indication is added or removed at the GE.MI., with the care of the BoD, without an amendment to the company's statutes.

The company has its seat in the municipality referred to in its AoA. This municipality must be located in Greece. The Greek Société Anonyme can establish branches, agencies or other forms of secondary establishment in other locations in Greece and abroad.

The duration of a «Société Anonyme (SA)» can be definite or indefinite. The definite duration is defined in years.

## Private Limited Company ("IKE")

A simpler and more flexible corporate form, namely the Private Company (IKE), has been introduced by Law 4072/2012 (A'86). IKE is a private capital company which has capital and the



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liability of its members for the company debts, except for those with guarantee contribution, is limited. A private capital company is established by one or more natural persons (founders). Participation to a private capital company requires the acquisition of one or more company shares. The company shares cannot be represented by shares. The company may issue a document for the company shares, which does not have the features of a security.

The private capital company has capital of at least one (1) Euro. Partners may participate with capital, non-capital or with guarantee contributions. Capital contributions are contributions in cash or in kind. Capital contributions in kind are only allowed when they refer to assets which can be evaluated in cash. Valuation is not required, if the value of the contribution, according to the company's statutes or the decision which increases the company's capital, does not exceed five thousand (5,000) Euro. There must be at least one company share representing a capital contribution.

Non-capital contributions refer to benefits, which cannot be the subject of a capital contribution. These benefits must be specified in the company's statutes and must be executed for some time or indefinitely. Guarantee contributions are contributions which consist of taking responsibility against third parties for the company's debts up to the amount defined in the company's statutes. The value of each guarantee contribution cannot exceed a 75% of the liability undertaken by the partners against creditors of the company.

The capital must be paid out in full when establishing the company or when raising capital.

As regards corporate obligations, only the legal entity is liable by its assets.

The capital company has legal personality and it is a commercial company even if its business purpose is other than trading. The private capital company cannot perform a business activity for which another corporate form is exclusively defined by law.

The establishment of a private capital company is done by its registration at the GE.MI. service of the competent Chamber of Commerce. The disclosure of the P.C. is held either on the website of the company or at the GE.MI. service.

The name of the private capital company (IKE) is formed either by the name of one or more partners either by the object of its activity or by other verbal indications. The corporate name can be entirely or partially expressed in Latin letters. The company name must contain written out in full the words "Ιδιωτική Κεφαλαιουχική Εταιρεία" or the acronym "IKE".

For its international transactions the above words are expressed as "Private Company" or/and the acronym "P.C.".

The name of single-member private company must include the words "Μονοπρόσωπη Ιδιωτική Κεφαλαιουχική Εταιρεία" or "Μονοπρόσωπη Ι.Κ.Ε." For its international transactions the above words become "Single Member Private Company" or/and "Single Member P.C.".



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A private capital company is established by a private document using the standard "Model AoA". The competent one stop shop service is the GE.MI. service or the electronic one-stop shops service (<https://eyms.businessportal.gr/auth>).

There is no requirement for a notarized document unless there is a special provision of the law in case of a capital contribution in kind.

The parties involved or the sole founder or the legally authorized person submits a signed application in order to register the company at the general commercial registry accompanied by the required documents. The GE.MI. service is responsible to proceed with all the required actions in order (a) to issue a tax identification number (Α.Φ.Μ.) for the company, (b) to notify all the required information to the Unified Social Security Fund (ΕΦΚΑ) and (c) to proceed with the company's registration at the GE.MI.

The company's statutes may be drafted in any of the official languages of the European Union.

The statutory seat of a private capital company is located in the Municipality of the Greek territory referred to in its statutes. A private capital company can establish branches, agencies or other forms of secondary establishment in other areas of Greece or abroad.

The duration of a private capital company must be defined in the company's statutes. If not defined, the duration of the IKE is presumed to be twelve years (12) after its establishment.

## Partnerships

Partnerships are more common for small enterprises and can take any of the following forms:

- **General partnership (Omorithmi Eteria).** All partners have personal unlimited liability for the partnership's debts and liabilities. General partnerships are regulated by Articles 249 to 270 of Law 4072/2012.
- **Limited partnership (Eterorithmi Eteria).** At least one partner has personal unlimited liability for the partnership's debts and at least one other member has limited liability. Limited partnerships are regulated by Articles 271 to 284 of Law 4072/2012.
- **Undisclosed company (Afanis Eteria).** Some partners carry out the company's business activity while other dormant partners participate in the business results without their involvement being disclosed. Undisclosed companies are regulated by Articles 285 to 292 of Law 4072/2012.

The advantages of general partnerships, limited partnerships and undisclosed companies include:





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- No minimum capital requirements.
- Limited disclosure obligations.
- Closer connection of the partners with the entity towards third parties.

The disadvantages of general partnerships, limited partnerships and undisclosed companies include:

- Personal unlimited liability.
- Higher taxation rates.
- Partnerships are associated with small enterprises.

## General Partnership (“OE”)

A general partnership is defined by law to be the association of two or more (natural or legal) persons, whose partners are jointly responsible against third parties for the company's obligations. Such responsibility is considered as personal, direct and unlimited (L. 4072/2012, A' 86). The liability of the partners for the company's debts is unlimited meaning that partners are liable not only up to their contributions, but also with their individual property. The legal framework for General Partnerships in Greece (L. 4072/2012) was recently amended by Law 4541/2018, A' 86).

A general partnership is a company with legal personality. A general partnership acquires its legal personality by its registration with the GE.MI. meaning that the publicity of a general partnership is inherent in the acquisition of legal personality. The publicity for a general partnership is done by its registration at the GE.MI. and on its website as a constitutive publicity. (L. 3419/2005, A'297)

A general partnership is registered with the General Commercial Registry (GE.MI.) with the consent of all of its partners. Among the data to be registered are, at least, the name and residence of the partners, the name of the partnership, its registered office and the purpose of the business, as well as its representative. Any subsequent amendment to this information must be recorded by the Greek business register (GE. MI.).

There is no minimum capital requirement for the establishment of a general partnership, since the assets of the company are not distinguished from the partner's asset and partners are liable with their personal assets for all of the partnership's obligations.

A general partnership is established at the one-stop shop services defined by the JMD No 63577/2018 (B'2380), when the standard “Model AoA” is used. The model AoA must be followed without any deviation from its exclusive content. When the Model AoA is not used a general partnership is established either at the GE.MI. of the competent Chamber of Commerce or by a Notary Public.



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The name of a general partnership is formed either by the name of one or more partners or by the object of its business activity or by other verbal indications and it can be partially or entirely written in Latin letters. The corporate name must include written out in full the words “Ομόρρυθμη Εταιρία” or the acronym “Ο.Ε.” For its international transactions the aforementioned words are expressed as “General Partnership” and the acronym as “G.P.”

## Limited Partnership (“ΕΕ”)

A limited partnership has the same characteristics with a general partnership, since it is a variant of it. The main difference between a limited partnership and a general partnership is within the scope of responsibility meaning the existence of partners with or without limited personal responsibility and the limitation of the management of the limited partners. A limited partner who has paid out its contribution to the company is not responsible for the partnership’s debt. In the opposite case he is responsible up to the amount of his contribution.

The same general rules applying to a general partnership must also hold for a limited partnership. The legal framework for limited partnerships in Greece (L. 4072/2012, A’86) was recently amended by Article 10 of Law 4541/2018 (A ’ 93).

A limited partnership is a commercial company and it has company assets. The general partner of a limited partnership acquires the commercial property only by his participation to the limited partnership, while the limited partner has typically no commercial property.

A limited partnership has legal personality and pursues a commercial purpose. At least one of the partners (limited partner) must have limited liability, while another one of the partners (general partner) must have unlimited liability.

The publicity for a limited partnership is done by its registration at the GE.MI. and on its website as a constitutive publicity. A limited partnership is registered at the General Commercial Registry (GE.MI.) with the consent of all of its partners. Additional to the data defined by L.4072/2012, the name, address and the value of the limited partners’ contributions must also be registered at the GE.MI.

There is no minimum capital requirement set by law for the establishment of a limited partnership. Partners must pay out their common contributions in cash, in kind, in labor etc.

A limited partnership can be established at the one-stop shop services defined by the Ministerial Decision No 63577/2018 (B’2380), when the standard “Model AoA” is used. When the model AoA is not used, then a limited partnership is established either at GE.MI. of the competent Chamber of Commerce or by a Notary public.

The company name is formed either by the name of one or more partners or by the object of the business activity or by other verbal indications and it can be partially or entirely written in



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Latin letters. The company name must include written out in full the words “Ετερόρρυθμη Εταιρία” or the acronym “Ε.Ε”. For its international transactions, the aforementioned words are expressed as “Limited Partnership” or/and the acronym as “LP”.

## Branch

An overseas company can trade in Greece either directly or through a branch office.

Direct trade is regulated under export, import and custom provisions or regulations.

The establishment of a branch office requires an initial approval by the local competent authority. To complete the establishment of a branch office, the registration formalities of the other corporate forms must be followed. It is necessary to register the company with the:

- General Commercial Registry (GEMI).
- Tax authorities.
- The competent Chamber of Commerce and Industry.

Branches that are established in Greece are governed by Greek law.

Agency, representation and distribution agreements are not subject to special registration formalities.

The branch is administered by its legal representatives in Greece. The representative(s) of the branch is/are generally under the same management liability as the members of a Board of Directors of an AE or the administrator of an EPE.

A branch bears the same tax and accounting obligations to a Greek company and profits are taxed based on the same tax rates applied to Greek companies.

## Joint Venture

A joint venture is a company without a legal personality (L. 4072/2012, A'86). When registered at the GE.MI. or appears outward, it acquires, as a union of persons, legal capacity and bankruptcy ability.

For a joint venture, which was formed with the purpose to coordinate its members' activity, the provision of the law for the civil society shall apply. The contract of the joint venture may provide that its members will be jointly liable for its debts.



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If a joint venture performs a commercial activity, then its registration at the GE.MI. is mandatory and the provisions of the law for the general partnership shall apply. The aforementioned provisions shall also apply to the specially regulated joint ventures, unless there is an opposite provision by a special regulation.

## Law 89 Office/Company

Foreign companies may establish an office or a company in Greece with the purpose of providing exclusively services, namely consulting services, centralized accounting support, quality control of production, procedures and services, preparation of studies, designs and contracts, advertising and marketing services, data processing, receipt and supply of information and research and development services to their head offices or to their affiliates that are not established in Greece, via bank remittances.

The personnel of the legal entities established within this legal framework must be at least four (4) persons at the end of the twelve-month period following the date on which a relevant Ministerial Decision is issued by the competent Minister of Economy and Development.

The annual operating expenses incurred in Greece must be at least €100,000.

The gross income deriving from the services they provide and which is compulsory collected through bank remittances is reached with the application of a profit percentage on their total expenses and depreciations, excluding corporate income tax (cost plus method). For the determination of the mark up all expenses on which the profit percentage applies shall be tax deductible for corporate income tax purposes on the condition that they are supported by fiscal documents in compliance with the provisions of the Code of Books and Records.

A special license is required for the application of this law, which is granted by a decision of the Minister of Economy and Development published in the Government Gazette.

The license is issued within fifty (50) days the latest from the filing of the application to the competent Directorate of Foreign Capital/Ministry of Economy & Development.

Foreign companies wishing to establish presence in Greece with the sole purpose to provide intragroup services are required to submit to the competent Directorate for Foreign Capital the following documents:

- i. An application, which will mention the company's full name, HQ location and country of establishment, business structure/type (e.g. SA, Ltd, etc.), Board of Directors and persons who commit the company by their signature. Also, the main activity of the parent company abroad, the specific services to be provided by their Greek branch/affiliate, details pertaining to its legal representative, the number of employees in Greece and their specialties and finally its affiliates, recipients of such services.



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- ii. A certified copy of the Company's Statute, with its amendment.
- iii. A recent certificate (within two months at most from its issue date) by the local Chamber or other public authority, certifying the lawful establishment and operation of the company, the composition of its Board of Directors and the persons who commit the company with their signature. In case the composition of the BoD and the persons that commit the company cannot be derived from the above documents, a relevant certificate of company Officers (incumbency certificate) must be presented.
- iv. Last year's Balance Sheet and Income Statement, for the Group or the Parent Company. For newly founded companies, the Founding Statement has to be submitted.
- v. Documented study (based on the Directorate's model) of the proposed profit margin, for the provided intragroup services by the company in Greece.
- vi. Decision by the BoD of the company for its accession on the provisions of Law 3427/2005 (Chapter F) and the appointment of a legal representative.

All the above documents, apart from 1 and 5, must be certified by a public authority and carry the Special Apostille of Hague Convention. Submitted documents referring to no. 4 in particular, must be accompanied by a Certified Auditors Report.

## Incorporation Procedures

A company is typically established in Greece in two (2) working days. Once the application for the establishment is submitted, the one stop shop service (YMS) has to examine, within the same or at the latest within the next working day, the submitted documents and data and, if all the requirements set by law are met, to complete the establishment procedure. The establishment can be automatically done through the electronic one-stop shop service (e-YMS) through the portal: <https://eyms.businessportal.gr>.

The company must have an active Greek Tax Identification Number (A.Φ.Μ./VAT) in order to carry out transactions.

The standard legal entity incorporation steps for Greece have been summarized below:

| No. | Procedures   | Time to Complete |
|-----|--|------------------|
| 1   | <b>Submit with GEMI the application of establishment and its forms</b> | 2 days           |

Agency : Chamber of Commerce and Industry office at One-Stop Shop

The costs associated with starting a business are as follows:

1. Fixed fee for the incorporation of IKE (for up to 10 shareholders):  
€60 (€18 if the company is setup via the electronic platform or 70%)



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- discount; online incorporation for multiple-member IKE is free of charge until September 2019);
2. Fee for the submission of documents with GEMI: €10;
  3. Annual membership fee for the Chamber of Commerce in Athens: € 41 (optional);
  4. Verification of brand name and distinctive title at national level: € 30 (optional);
  5. Annual fee to maintain the company account active with GEMI: €100 (payable within 3 months after company registration). It is obligatory that all companies maintain an active ledger (merida) on which corporate actions, updates and information need to be recorded.

The Articles of Association of the company shall contain:

1. the full trade name of the IKE;
2. the domicile or an electronic address of the partners;
3. the seat of the company;
4. the objective of the company;
5. verification that the company is private;
6. the contributions of the partners by category and their value, in accordance with Articles 77 to 79, as well as the capital of the company;
7. the sum of the company's parts;
8. the initial number of the parts of each partner and the category of contribution to which the parts correspond;
9. how the company is managed and represented; and
10. the duration of the company.

The following documents can be obtained at GEMI: Tax Compliance Certificate, Social Security Compliance Certificate, Tax Identification Number as well as VAT number.

A new online system (<https://eyms.businessportal.gr/auth>) was launched in 2018, allowing for electronic name check, business registration using standard AoA, VAT/ tax registration and registration with social security (EFKA) but the majority of entrepreneurs are still going through in person business registration.

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## 2 Make a company seal

1 day

Agency : Seal Maker

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All company books and records must be sealed before they are certified. The company seal must also contain the company's tax registration number and competent tax office.

On May 31, 2013 the Government of Greece adopted the Law 4156/2013 abolishing the requirement to make and affix the company seal for corporations. However, it is still used in practice by banks, as the Bank of Greece has not issued a circular asking the banks to not require it. Thus, companies are still required to make a company seal in their daily practice.

As of January 2015, IKE is required to keep electronically its c' category books and records. There is no obligation for handwritten company's books and records sealed by the competent Tax Authority.

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### **3 Register with EFKA (Unified Social Security Institution)**

1 day

Agency : EFKA (Unified Social Security Institution)

Once the company has been incorporated, the entrepreneur has to register with EFKA in its capacity as an employer. At the same time, the Director of IKE is legally obliged to registered with EFKA while the registration of other members of IKE is optional. Registering more members of the IKE costs an additional EUR 111.10 per person.

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## **Financial Reporting**

The annual financial statements of a Société Anonyme (SA) are approved by the board of directors (that is, signed by the chairman, managing director or other member of the board of directors and the head of the accounting department) and must also be submitted for approval to the annual general meeting. Annual financial statements include the:

- Balance sheet.
- Loss and profits statement.
- Appropriation of the profits.
- Appendix (containing any notes).
- Details of changes in equity and a cash flow statement for listed companies and/or subject to consolidated accounts (Law 3487/2006).

Special provisions exist for the companies in the following sectors:



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- Banking and insurance.
- Portfolio investment.
- Mutual fund management.

Small companies, as defined by the law, can publish concise balance sheets under certain conditions.

Branches keep books and accounting records as specified by law for each activity.

## Banking

There are several reputable local and international banks in Greece. The most prominent local banks are Alpha Bank, Eurobank Ergasias, National Bank of Greece and Piraeus Bank. Though some international banks ceased operation in Greece during the financial crisis, there are still several with a presence in Greece, such as HSBC and Citibank.

Mobile and internet banking in Greece are commonly available. It's possible to pay by card for most transactions, although some smaller businesses and restaurants only accept cash.

Opening a bank account in Greece is fairly easy. Before this can be done, however, expats will need to apply for a Greek tax number, called an AFM (Arithmo Forologiko Mitro). To get an AFM, expats will need to bring their passport to their closest tax office and fill in the relevant form. Once the application has been processed, the tax office provides a document stating the applicant's nine-digit AFM number.

Once they have their AFM number, non-resident bank applicants will need to present proof of identity. This could be in the form of a passport, national identity card or driver's license, though some banks are more specific about what forms of identity they accept. A recent utility bill as proof of address may also be necessary, as well as bank statements from the expat's bank in their own country. Finally, expats will need to pay a deposit. The amount varies between individual banks.

Banks are open 8:00 a.m. to 2:30 p.m. from Monday to Thursday and 8:00 a.m. to 2:00 p.m. on Friday. Public Administration offices are open 8:00 a.m. to 1:00 p.m. from Monday to Friday.

Cash payments (including VAT) for the purchase of products and services are permissible up to 1,500 euros. Beyond that limit, payments should be done via bank accounts, cheques or credit/debit cards.

Employers are required to pay their Greek employees through bank transfers to the employees' bank accounts in Greece.





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## Working Hours

According to Greece employment compliance laws work week is 40 hours with 5, 8-hour days. However, you can agree on other working hours in an employment contract as long as they don't exceed 40 hours per week or eight hours per day. On the other hand, by virtue of a National Collective Employment Agreement, the total weekly hours have been reduced to 40 and the working days to 5 per week.

There are some exceptions like; if you choose 9 hour working day, it is only permitted if the total working time for the week does not exceed 40 hours. Other option can be over the course of a 6-month period, work can be increased by 2 hours a day (i.e. up to 10 hours) with a corresponding reduction in the working time each day by 2 hours during the next 6-month period (i.e. up to 6 hours). Instead of reduced employment, it is possible for rest days to be offered.

It is also possible to increase the work hours up to 256 hours within a period of 8 calendar months, with a corresponding period of an accordingly reduced employment during the remaining months of the same calendar year.

The excess time is defined as overtime and there is a statutory increase of 20% calculated on the hourly salary. Any working time exceeding nine hours and eight hours per day respectively is considered overtime.

Under Article 4 of Presidential Decree 99/88, if daily working time exceeds six hours, a rest break of a minimum of 15 minutes must be provided, during which the employee has the right to leave their working place. Such breaks should not be provided at the commencement or at the end of the daily working time.

## Labor Law

The standards that apply to employment relationships and the terms and conditions under which an employee works, are set out by a body of rules that include:

- The constitution.
- Various laws.
- Collective agreements.
- Internal regulations (of the employer company).
- Customs.
- In broad terms, labor law regulates matters such as:
  - Remuneration.
  - Benefits.
  - Allowances.



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- Other working conditions.

Collective agreements and internal regulations usually regulate other issues such as:

- Annual wage increases.
- Cost of living adjustments.
- Allowances and benefits increases.
- Equal access to promotion opportunities.
- Promotion at work.

There is a hierarchy of the legal sources of law. In general, provisions from a lower source (for example, a contract), must not conflict with those from a higher source (for example, a legislative rule or a collective agreement), except where the provisions of the lower source are more favorable to the employee. Legislation is a higher source of law than collective agreements.

In recent years, various changes have been made in the form of austerity measures, which were taken following the financial crisis in Greece. Collective agreements cannot be declared compulsory for non-contracting parties during the mid-term fiscal strategy period. Most collective agreements have already expired or been terminated. Basic salaries are therefore currently regulated by the law.

The following laws regulate the employment relationships:

- i. Law No. 3304/2005 is related the application of the principle of equal treatment regardless of national, racial, religious or other orientation or beliefs, invalidity, age or sexual orientation.
- ii. Law No, 3769/2009 and 3896/2010 for the equal treatment between men and women in employment.
- iii. Law No. 2472/1997 is related the Data Protection, as amended by Law No. 3471/2006, protects employee personnel data.
- iv. Law No. 2643/1998 is related the employment of persons of special categories and other provisions.
- v. Law No. 3386/2005 is related numeric limitations and special provisions for foreign workers.
- vi. Law No. 3385/2005 (article 2) is related with restrictions or limitations on working hours and exceptions.



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- vii. Law No. 3385/2005 as completed by Law No. 3863/2010 is related overtime and method of calculation.
- viii. Law No. 539/1945 and articles 666 and 667 are related with annual vacation and holidays.

## Collective Bargaining

Before the crisis, until 2010, according to the initial legislation of 1990 (Law No. 1896/90), collective bargaining took place at three levels: the National General Collective Agreement (EGSSE) set the national minimum wages and conditions of work; the sectoral or/and occupational based collective agreements set the minimum wages and work conditions for the respective sectors and occupations; and the company-based agreements. The sectoral/occupational agreements could not set lower wages and less favorable working conditions than of those agreed by EGSSE. In the same way, the company-based agreements could not provide for lower wages and less favorable working conditions than of those of the sectoral level. Also, at national and sectoral level, there was an extension mechanism, making the agreements binding for all (employers, employees), while a system of unilateral use of Arbitration was in existence.

After 2010, a series of legislative interventions (Laws No. 3899/2010, No. 4024/2011, No. 4046/2012, No. 4093/2012, No. 4172/2013) were made in the established system of the previous existing free collective bargaining legislative framework and radically transformed it.

The changes targeted the full 'decentralization' of collective bargaining. Its main characteristics were to dismantle the 'hierarchical' relationship between the bargaining levels, weakening the importance and the binding character of the inter-sectoral and sectoral bargaining; to make collective agreements binding only for members of employers' associations and trade unions; to make company-based collective agreements predominant; abolish the extension mechanism; establish a voluntary arbitration procedure; and legislate for a new mechanism of setting minimum wages by the government and not by the social partners through the National General Collective Agreement (EGSSE).

After the end of the Third Economic Adjustment Program for Greece (20 August 2018), the extension of sectoral collective agreements and the favorability principle (where the most favorable arrangement for a worker applies when an individual contract of employment exists alongside more collective labor agreements) were reinstated. From then until the end of the year, a total of 10 existing national sectoral collective agreements were declared compulsory for all employers. (The extension mechanism and the favorability principle had been in place since 1990 but were suspended in 2011.)





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# Tax & Social Security

## Overview

When a business enters Greece, a tax number which obtained from the tax authorities and an AME number which obtained from the social contributions authorities are needed. It is estimated that registering with the tax and social contributions authorities will take 5 working days.

Under latest Income Tax Code, as amended by Law 4646/2019; the taxpayer who has his tax residence in Greece is subject to tax on his taxable income derived domestically and internationally, that is, his world income earned within a certain tax year.

Exceptionally, the taxpayer who is a foreign employee of the offices established in Greece, in accordance with the provisions of Mandatory Law 89/1967 (A'132), as applicable, is taxable in Greece only for income derived in Greece.

The taxpayer who does not have his tax residence in Greece, is subject to tax on his taxable income arising in Greece and is acquired within a certain tax year.

The employer is responsible for making the contributions to Solidarity Tax, Income Tax and Social Security Contributions (IKA).

## Corporate Income Tax

In Greece, the Corporate Income tax rate is a tax collected from companies. Its amount is based on the net income companies obtain while exercising their business activity, during one business year. The taxable period is the financial year. This may end on 31 December or 30 June.

According to Greek Corporate Income Tax Law all legal entities are subject to corporate tax on their income.

The following are recorded in a tax-free reserve;

profits arising from another EU country if the parent-subsidiary relationship applies,  
qualifying dividends received from EU countries  
dividends received from collective investment schemes or portfolio investment companies.

The applicable tax rate for 2020 is set at 27%. According to the law, this will be reduced in the following years as follows:



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Year 2021 - 26%;

Year 2022 onwards - 25%.

This applies to businesses apart from credit institutions, which will remain subjected to a tax rate of 29%. There is also separate tax legislation that applies to shipping companies.

The corporate income tax return must be filed by the 10th day of the fifth month following the end of the financial year and the income tax is payable in six equal monthly installments commencing upon the filing of the tax return.

## Personal Income Tax

In Greece, any legal entity conducting payments or providing benefits in kind to employees is obliged to withhold tax in accordance with the tax system at source and bears the obligation to deposit to the state. If no withholding is made, the debtor shall pay the tax withheld, as well as any fines and penalties imposed by the applicable legislation. The monthly income from paid work and pensions, including benefits in kind, shall be subject to withholding tax on the basis of the rates referred to below Tax Rates table;

| Income<br>(salaries, pensions, business activity) in Euro | Tax Coefficient % |
|---|-------------------|
| 0,00 - 10,000   | 9%                |
| 10,001 - 20,000   | 22%               |
| 20,001 - 30,000   | 28%               |
| 30,001 - 40,000   | 36%               |
| 40,001 -  | 44%               |

The tax reconciliation is taking place each month by the employer, however the official reconciliation is performed at the time of Annual Tax Declaration Submission, usually from March 1st to June 30th of each year, where the income from all sources and various employers (if more than one) is taken into consideration and reconciled accordingly. On the income from paid work and pensions that are remunerated retroactively, a twenty percent (20%) tax is imposed, regardless of the year in which they are taxed. The tax withheld in accordance with the preceding paragraphs shall be payable not later than the end of the second month following the date on which the taxable income is paid.

The tax shall be reduced;

- 777.00 euros for taxpayers without dependent children.



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- 810.00 euros for the taxpayer with one (1) dependent child,
- 900.00 euros for two (2) dependent children,
- 1,120.00 euros for three (3) dependent children
- 1,340.00 euros for four (4) dependent children.

For each additional dependent child after the fourth, the tax deduction is increased by 220.00 € euros for each subsequent child. If the amount of tax is less than those amounts, the tax deduction is limited to the amount of tax due. For taxable income from salaries and pensions exceeding 12,000 € euro, the amount of the deduction shall be reduced by 20.00 € euro for everyone thousand (1,000.00 €) euro. The provisions of the preceding subparagraph shall not apply to taxpayers with five (5) dependent children or more.

## Special Solidarity Contribution

A special solidarity contribution is imposed in the total income exceeding 12,000 €, as this occurs from the sum of all income from salaried work, pension, business activity, capital, etc., as shown in below scale:

| Total Annual Income (in EUR) | Special Solidarity Contribution Rate |
|------------------------------|--------------------------------------|
| 0 - 12,000                   | 0.00%                                |
| 12,001 - 20,000              | 2.20%                                |
| 20,001 - 30,000              | 5.00%                                |
| 30,001 - 40,000              | 6.50%                                |
| 40,001 - 65,000              | 7.50%                                |
| 65,001 - 220,000             | 9.00%                                |
| 220,001+                     | 10.00%                               |

## Severance Pay or Retirement Tax Coefficient

Any one-off compensation provided by any legal entity and for any reason for termination of the employment relationship or other contract that links the entity to the recipient of the compensation, is taxed independently according to below scale:

| Annual Income (in EUR) | Tax Rate |
|------------------------|----------|
| 0.00 - 60,000,00       | 0%       |



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|                         |     |
|-------------------------|-----|
| 60,000.01 - 100,000.00  | 10% |
| 100,000.01 - 150,000.00 | 20% |
| 150,000.00+             | 30% |

## Foreign Tax Credit

If during the tax year, a Greek tax resident obtains income abroad, the tax payable in respect of that income is reduced by the amount of tax paid abroad. The payment of the tax amount abroad is demonstrated by the relevant supporting documents, as defined in the Tax Procedure Code. The tax deduction may not exceed the tax amount due in Greece of above-mentioned income.

## Expenses evidenced by electronic means of payment

Expenditure by electronic means of payment shall be considered to be the expenditure on the acquisition of goods and services in Greece or in the EU, which are paid by means of electronic means of payment, such as, for example, but not restrictively, cards (debit or credit), payment through E-banking and use of electronic wallet. The required amount of expenditure by electronic means of payment for each tax year is set to thirty percent (30%) of the actual income from salaried employment and pensions and business and up to twenty thousand (20,000) euros of expenditure. Failure to realize above requirement will result in a tax imposition of 22% for the part of income that is not covering the 30% with electronic means of payment.

## Social Security

Employers by law, are defined the individuals or legal entities for which the employees, that are subject to insurance, are providing their work or service (Article 8, Paragraph 5, of Mandatory Law 1846/51).

All below types of employments are subject to Social Security Contributions;

- Self - employed and freelancers (contractors).
- Members or shareholders of Organizations, Joint Ventures or any form of company and more specifically:
  - i. BoD members throughout the country with a participation percentage of at least 3%
  - ii. Shareholders of Societies Anonymous for the purpose of transferring persons / commodities with public use cars, provided that they are holders of registered shares.





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- iii. Managers of Private Capital Companies appointed by statute or partner decision
- iv. The sole partner of Single Member Private Capital Company.
- The owners of tourist accommodation.

## Social Security Contributions Table (Employees' and Employers')

|   | Insurance Rate % |              |              |
|---|------------------|--------------|--------------|
|   | Employee         | Employer     | Total        |
| 1. EFKA   |                  |              |              |
| • Sickness and maternity benefits in kind                         | 2.15             | 4.30         | 6.45         |
| • Sickness and maternity benefits in cash                         | 0.40             | 0.25         | 0.65         |
| • Main Pension  | 6.67             | 13.33        | 20.00        |
| 2. Ancillary Insurance  | 3.25             | 3.25         | 6.50         |
| 3. OAED   | 1.93             | 3.68         | 5.61         |
| 4. Social Housing Organization                                    | 1.00             | 0.00         | 1.00         |
| 5. Labor Home   | 0.35             | 0.00         | 0.35         |
| <b>TOTAL</b>  | <b>15.75</b>     | <b>24.81</b> | <b>40.56</b> |
| 6. Special Insurance Contributions                                |                  |              |              |
| • Occupational Hazard   | 0.00             | 1.00         | 1.00         |
| • Heavy Duty and Unhealthy Occupations                            | 3.45             | 2.15         | 5.60         |
| <b>TOTAL</b>  | <b>19.20</b>     | <b>27.96</b> | <b>47.16</b> |
| • Workers in underground galleries, underwater or extreme heights | 3.50             | 7.00         | 10.50        |
| <b>TOTAL</b>  | <b>22.70</b>     | <b>34.96</b> | <b>57.66</b> |



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## **Employers obligation towards EFKA (Unified Institution of Social Security)**

- Registration of Employer at EFKA
- Submission and keeping of E3 and E4 Forms of ERGANI Information System
- Submission of alteration of Employer's details
- Submission of the Detailed Periodic Statement and Payment of Social Security Contributions
- Withholding of Social Security Contributions

### **Registration of Employer at EFKA**

Any employer employing persons subject to EFKA insurance whose contributions are collected or contributed by EFKA, is required to be listed in the EFKA Employers Registry at the local branch where the head office of the business operates, with the commencement of hiring. In case the employer maintains more facilities in the area of the same or another branch, he is bound to list them at the local EFKA branch where the head office is located. It is established, that is, the single inventory of the headquarters and branches of the business by granting a unique Employer Registry Number.

### **Submission and keeping of E3 and E4 Forms of ERGANI Information System**

Any employer that has hired employees is required to submit S.EP.E. - OAED forms online to the Information System "ERGANI", within the deadlines set explicitly.

More specifically, the form "E3" - Hiring Form, shall be submitted electronically no later than on the same day of hiring and in any case before the employee assumes service. The "E4" - Annual Staff Table, is submitted electronically once a year, during the period from October 1st to October 21st.

### **Submission of alteration of Employer's details**

The employers that have been registered to EFKA, are obliged to declare in local EFKA branch any alteration in the data that has been filled in the Employer Registry, such as:

- Employment of staff in another branch of the company.
- Restarting of the business, accompanied by employment of staff at the headquarters or another branch.
- Permanent interruption of business operations or a branch.
- Transfer of business headquarters or branch office.
- Change of legal representatives, their details or their place of residence.
- Change of company name.



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- Change of legal form.

## **Submission of the Detailed Periodic Statement and Payment of Social Security Contributions**

It is the Statement which is submitted by the employer and includes information about the time of employment, remuneration, insurance sectors as well and the amount of insurance contributions (Article 8, Paragraph 6 of Law 2972/2001).

It is particularly stressed that the employer's liability for the insurance settlement of employees, does not end at the payment of contributions but on the timely submission as imposed by applicable legislation, correctly supplemented with accurate data of the insured and therefore failure to submit it results in sanctions against the employer. The due date for the submission of the electronic file is the last working day of the following month in reference. On the same day, the employer is obligated to pay the EFKA contributions.

If the payment is not made on time, then for each month of delay, the amount will be surcharged according to the refinancing rate of Central European Bank. Especially for the Christmas and Easter Bonuses, the info for the Detailed Periodic Statement is included in January and May files respectively and the due date for payment is the last working day of February, for the former, and June, for the latter.

## **Withholding of Social Security Contributions**

Under EFKA legislation, employers are responsible for the payment of not only their contributions (employers' contributions) but for the contributions payable by their employees (employees' contributions). At the time of the payment of employees, the employer must withhold the amount corresponding to employees' social security contributions. If this is not done within two (2) months from the time of payment, then the employer misses the right to withhold it (Article 26, Paragraph 5, Mandatory Law 1846/51)

## **Reporting**

Every company is obligated by law to submit several reports, files or forms to be compliant. Some of these forms need to be filled monthly, yearly or on the spot, meaning they need to be attached to referenced events.

## **Monthly Statutory Reporting**

The below reports and payments are bound to be completed by the end of each month, such as:

- Submission of the EFKA Detailed Periodic Statement and Payment of Social Security Contributions; have to be submitted by the last working day of the following month of the payroll in reference.



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- Provisional Declaration of Withholding Taxes and Payment; have to be submitted by the last working day of the second following month of the payroll in reference.

## Yearly Statutory Reporting

There are also statutory requirements that need to be performed annually. These are;

- The “E4” - Annual Staff Table, is submitted electronically once a year in Ergani e system, during the period from October 1st to October 21st.
- All legal entities which are withholding income tax, are obliged to provide yearly relevant certificates to all employees where the year total income is stated, by the last working day of February of each year, after relevant announcement with instructions by the ministry of finances
- The “E11” - Notification of Annual Leave Elements, is mandatory to be filed by January 31st of each year.

## Other Statutory Reporting

There are other statutory reports which are not periodical i.e. nor monthly neither yearly but are actually tied to a certain event. These are the following:

- The “E3” - Hiring Form, is the electronic form that has to be submitted to ERGANI e-system before the new employee starts working for the company
- The “E5” - Resignation Form, is the form that has to be submitted within four (4) working days from the last working day of the employee
- The “E6” - Dismissal Form, which needs to be signed, stamped and submitted to ERGANI e-system within four (4) working days from the dismissal date
- The “E7” - Fixed Term Contract Expiration, is also required to be filed within four (4) working days from the expiration date of the contract.
- The “E8” - Overwork and Overtime table, should be uploaded in ERGANI e-system before the start of corresponding overwork or overtime, at the latest.
- The “E4” - Staff Table is also required to be submitted in below cases:
  - i. Change of work schedule. At least before the start of the new shift.
  - ii. Change of employee’s salary. Within 15 days from the new salary effective



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- iii. Change of Job Title or Position. There is no specific due date, this change could be included in any future staff table for change of work schedule, salary or annual table.



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## Statutory Benefits

All employees employed in the private sector either with Open-ended or Fixed-term contract are eligible for 13th & 14th salary with name Christmas Bonus, Easter Bonus and Vacation Leave Allowance.

| Bonus                    | Eligibility period    | Full bonus amount  | Payment due  |
|--------------------------|-----------------------|--------------------|--|
| Christmas Bonus          | May 1 to December 31  | 1 monthly salary   | December 21  |
| Easter Bonus             | January 1 to April 30 | 0.5 monthly salary | Great Wednesday  |
| Vacation Leave Allowance | N/A                   | 0.5 monthly salary | At the time employee leave for main annual leave, i.e. more than 10 days |

## New Hire

To start an employment relationship, you need to legally register with the right social insurance foundation. Then, you need to complete a hiring document with the employee's personal information and job information. After that you need to submit it to the authorities on or before the first day of employment with signed version of the document.

You should draft a written employment contract for each individual hire with all other relevant information (like position, compensation, termination terms, working hours). Greece allows indefinite contracts and defined employment contracts that range from one month to one year.

Once you hire a new employee, you need to submit a personnel chart with the employee's working and personal data on the day you hire them. The chart needs to be submitted to the relevant authority, then re-submitted every year with the employee's data as long as they're employed with you.

## Termination

Termination of employment contracts in Greece is governed by Articles 669 et seq. Greek Civil Code. In order for a termination to be lawful, it must be based on a 'valid reason', by reference to either the capacity or conduct of the employee, or the operational requirements of the employer.



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Employees must give their employer written or oral notice of their resignation within the period stipulated in the employment contract (a maximum of three months prior to the end of employment). If a worker resigns, they are not entitled to unemployment benefit from the OAED.

A termination form must be submitted to the local authorities no later than 8 days after the employee's termination.

If the leaver has been terminated, then payment should be on their last day. If the leaver has resigned, payment will depend on the deadline for each allowance.

## Severance Pay

When the contract is terminated unilaterally by the employer (dismissal), the employee is entitled to severance pay according to the years of service. The severance pay is cut in half, if the employer provides notice of dismissal.

Severance Pay is equal to 2 monthly salaries in case of dismissal without notification for employees with service period from 1 to 2 years.

Severance Pay increases with increase in service period up to maximum of 12 monthly salaries (dismissal without notification) for employees with service period equal or more than 16 years with same employer.

The total amount of Severance Pay is increased by 1/6, which is proportional of bonus periods (Christmas Bonus, Easter Bonus, Vacation Annual Allowance) to calendar months.

Severance Pay is calculated on last regular full-time salary.

## Retirement Compensation

Employees who are insured in the pension sector of any Social Security Fund and meet the requirements for full retirement pension, by the time they retire or being dismissed by the employer are entitled to 50% of the legal severance pay, if they don't have subsidiary insurance, and 40% if they do. Moreover, employees with indefinite time contract that have completed 15 years of service in the same employer, can terminate the contract with the consent of their employer and receive 50% of the legal severance pay.



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# Payroll

Each month, the employees' working days are counted in order for the payroll to be calculated. All social insurance and tax deductions are calculated accordingly. After the payroll procedure is completed, the detailed pay-slips should be provided immediately upon the payment of employee.

The data stated should be correct, accurate and reflect the actual remuneration granted to the employee, while the analysis therein enables the authorities check the compliance with the provisions of the law on the remuneration of employees such as the statutory basic salary, standard allowances, allowances that can be unilaterally cancelled by the employer, freely withdrawable benefits, night work surcharge, work surcharge on Sundays and public holidays, surcharges for overwork and overtime, etc. It should also state how many daily wages are compensated as presence and the number of daily wages paid as annual leave days.

A sample standard payslip is provided below:

| Employer         |            | Employee name     |                      | Email          |            |
|------------------|------------|-------------------|----------------------|----------------|------------|
| Employer address |            | Employee ID       |                      | Hire date      | 2019-10-07 |
| Country          | Greece     | Employee Position | Management Executive | Payment Method | Bank       |
| Pay Period       | April 2020 |                   |                      |                |            |

| Summary      |              |            |          |
|--------------|--------------|------------|----------|
| Pay currency | Entitlements | Deductions | Net pay  |
| EUR          | 9,788.03     | 4,901.03   | 4,887.00 |

| Details                                       |          |          |
|---|----------|----------|
| Entitlements                                  | Amount   | Currency |
| 62100 - Basic salary                          | 6,714.38 | EUR      |
| 62140 - Additional Salary (overtime included) | 2,727.02 | EUR      |
| 62400 - Allowances (mobile, lunch)            | 346.63   | EUR      |

| Deductions                              |          |          |
|---|----------|----------|
| Deductions                              | Amount   | Currency |
| 21900 - Social Security (employee)      | 1,023.75 | EUR      |
| 21901 - Salary Tax                      | 3,277.71 | EUR      |
| 21902 - Special Solidarity Contribution | 599.57   | EUR      |

| Banking details |       |                  |             |                  |         |
|-----------------|-------|------------------|-------------|------------------|---------|
| Bank name       | SWIFT | Beneficiary name | Acc. number | Account currency | Type    |
|                 |       |                  |             | EUR              | Primary |





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# Employment Law

Articles 648 to 680 of the Greek Civil Code on 'contract of employment' are the basic provisions that govern the employment relationship between employers and employees. According to working hours, employment contracts may be in the form of full-time and part-time contracts. The most common type of work contract in Greece is the full-time contract, with an indefinite duration. Another option is fixed-term contract. It is prohibited for permanent tasks and the maximum length of a single fixed-term contract is 36 months.

According to Presidential Decree No. 156/1994, the employer is obliged to notify the employee in writing, within two months of the commencement of the working relationship, of the essential terms of the employment contract.

## Annual Leave

Under the current legislation, during the first two calendar years of employment, annual leave accrues pro rata based on the employee's period of employment within the calendar year. The employee is entitled to a proportional Annual Leave from the start of the employment in accordance to the weekly work schedule (five or six days), without having to fill a specific period of service. Only working days are calculated as Annual Leave days. Therefore, the following days are excluded: Sundays, Public Holiday, Customary Holiday, Sick Days and all Special Leaves that coincide with it, such as Marriage Leave, Childbirth Leave, Mourning Leave, etc.)

During the first calendar year, the employee is entitled until December 31st the proportion of days according to the months of employment. Every employee with an indefinite or definite term contract, shall be entitled to receive a percentage of his leave from the beginning of his employment until the expiration of twelve months. This ratio is calculated on the basis of 20 working days of Annual Leave for those working five days and 24 working days for those working six days.

During the second calendar year and after the employee has completed 12 months of service, he is entitled to a proportional Annual Leave of up to 21 working days, for those working five days and 25 working days for those working six days.

For the third and on calendar year, the employee is entitled from January 1st the full Annual Leave, which is 22 working days, for those working five days and 26 working days for those working six days.

After completing 10 years of service in the Company, or 12 years in any Company, the employee is entitled to 25 working days (5-day schedule) and 30 working days (6-day schedule).



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After completing 25 years of service under any employer, they are entitled to an additional day of Annual Leave, meaning 26 days and 31 days, for five and six working days schedule respectively

## Sick Leave

If the employee has completed one years' service with the employer, the employee is entitled to pay for one month's absence and if the employee has not completed one years' service, the employee is entitled to pay for half a month's absence.

The employer has the right to deduct from the amount payable to the employee any amounts which the latter receives from the social security authorities. For the first three days of sick leave, employees are generally entitled to 50% of wages owed. Employees are eligible for sick leave pay from social insurance beginning on the 4th day of the illness.

## Maternity Leave

Under Greek law, working women expecting to give birth are entitled to 17 weeks of leave, 8 weeks prior to expectancy birth date and 9 weeks after birth.

Upon expiration of the above 17-week leave, she is entitled to arriving one hour late or leaving one hour early from work, for 30 months with name of Baby breastfeeding leave.

Addition to this; female employees who are insured with EFKA are entitled to Special Leave for the Protection of Maternity for a period of up to 6 months. During this leave, eligible employees are entitled to a special monthly allowance paid by the Unemployment Office (OAED), while they are not in receipt of salary payments from their employer.

## Other Leaves

The following special leaves with pay have been established in accordance with the provisions of the Law and other agreements:

- For the marriage of employee, five (5) working days.
- For childbirth (fatherhood), two (2) working days.
- In the event of death of spouse, children, parents, siblings and parents in law, up to two (2) working days. Above leaves should be timely connected to the event and justified by relevant certificate.
- For formal call as a witness in court, one (1) working day. Not granted in other cases where the requesting party is suitor, defendant, etc.



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- School Progress Monitoring, for employees with children from the age of four (4) to sixteen (16). This leave can be hourly or entire day and up to four (4) days per year, but no more than one day at a time.
- Due to elections, the number of days set each time according to a circular of the Ministry, depending on the distance of the place of residence and place exercised the right to vote. Employees who receive electoral leave, should provide an attestation by the relevant polling station.
- For military retraining, the number of days indicated by the conscription document.
- To those who suffer from a disease that requires dialysis twenty-two (22) days.
- To widowed or single parents, six (6) working days per year for the care of children up to twelve (12) years. For three (3) or more children the entitlement is for eight (8) working days

The following special leaves are without pay:

- Postgraduate students are entitled to ten (10) working days student leave. This leave can be taken on consecutive days or partially and are without pay from the employer. The remuneration for the period of this leave is made by OAED.
- Family member illness, for children up to 16 years old. For one child it is six (6) days per year, for two (2) children eight (8) days and twelve (12) days for three (3) and more children. This leave can be taken on consecutive days or partially and are without pay from the employer.



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# Immigration

In order to reside in Greece legally, immigrants need to follow all requirements set out in Greek law. The Ministry of Interior and the General Directorate of Citizenship and Migration Affairs are the main legal bodies for immigration to Greece from various other states.

Greece is a member state of the Schengen area and the European Union. Member states of the Schengen Agreement have successfully abolished passport and immigration controls at their internal borders. Travelers may move freely within the territory of the EU.

There are two most important documents related to immigration and residency in Greece;

- Visa
- Residence/Work Permit

## Visa

A Greece's visa is a document that allows its holder to enter Greece and reside for some time in the country.

There are 10 major types of visa in Greece, they are usually distinguished by the purpose;

- Transit visa
- Tourist visa
- Visitor visa
- Business visa
- Medical treatment visa
- Short-term study visa
- Cultural visa
- Work visa
- Long-term study visa
- Family reunion visa

## Residence / Work Permit

Residence/work permits for non-EEA nationals are very difficult to obtain for those who are not of Greek origin or not married to a Greek. As, the residence permit and the work permit are now all-in-one, meaning residence permits can include the right to work. It is not possible for a non-EU national to obtain a stand-alone work permit; the permission to work is included in the residence permit.

Within 30 days of arrival in Greece, the visa holder must apply in person for a residence/work permit at the local municipal office. In some areas, application may be made at the police station. Prior to applying for a residence permit, applicants must obtain a tax number from the



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local tax office (AFM), as well as a social security number from the Social Security Institute (AMKA).

If you have resided in Greece lawfully and continuously for five years before submitting your application, you can apply for a long-term resident permit directly.



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Simplifying Employment  
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