

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

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The New Government's Presentation of the Main Fiscal Policy Measures it Plans to Introduce:

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In an effort to boost the economic growth of Greece, the Prime Minister presented the main fiscal policy measures it plans to introduce during the International Fair of Thessaloniki. These include:

A. Income Tax Reductions and Withholding Tax on Dividends

The following reductions in tax rates will apply from the 2019 fiscal year onwards:

1. The corporate income tax rate will be reduced to 24% (currently 28%).
2. The lower income tax rate for individuals will be reduced to 9% (currently 22%).

3. The withholding tax on dividends will be reduced to 5% (currently 10%).

B. Real Estate VAT Suspension and Capital Tax Postponement

1. The payment of VAT on new buildings will be suspended for three more years.
2. The payment of Capital Tax on the transfer of real estate is further postponed.

C. Tax Incentives for Building Renovations

1. A 40% discount on costs related to building renovations and upgrades will be introduced.

D. Mid-Term Tax Cuts

The Government is examining additional actions to be implemented after the 2020 and 2021 fiscal years, which include:

1. The progressive reduction of the Solidarity Contribution on income.
2. The abolishing of the Business Duty on entrepreneurs and the self-employed.
3. The introduction of an accelerated depreciation rate for specific investments (which may increase to 200%).
4. An income tax reduction on fringe benefits, such as vehicles and accommodation, provided by companies to executives and employees.

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