

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

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A. Law 4839/2021 Increases the Tax-Free Threshold on Donations and Parental Gifts to Specific Classes of Relatives

1. Law 4839/2021 amends Article 44 of Law 2961/2001 which regulates the capital tax on donations and parental gifts, by increasing the tax-free threshold to €800,000.
2. Circular E.2193/2021 clarifies that parental gifts or donations of assets to individuals falling within the definition of Class A relatives, as detailed in Law 2961/2001,

are subject to tax at a rate of 10% and will not:

- a. be included in the acquisition of assets mortis causa by Class A relatives; or
 - b. include potential lifetime (inter vivos) parental gifts and donations.
3. Parental gifts and donations to Class A relatives exceeding the threshold of €800,000 are subject to donation tax at 10%. Donations to Class B and C relatives and third parties are taxed at 20% and 40% respectively.
 4. The above provisions apply to donations and parental gifts effected from 1 October 2021.

B. Law 4839/2021 Reduces the Capital Concentration Tax Rate

1. By virtue of Article 57 of Law 4839/2021 the capital registration tax rate on capital increases is reduced to 0.5%.
2. The reduced capital concentration tax rate applies to transactions effected from 1 October 2021 onwards.

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