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APPLICATION OF THE ALTERNATIVE TAXATION REGIME FOR FOREIGN NATURAL PERSONS RELOCATING THEIR TAX RESIDENCE TO GREECE (NON DOM)

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The Income Tax Code (ITC)¹, through a series of provisions—specifically Articles 5A, 5B, and 5C—provides tax incentives aimed at attracting individuals who are tax residents abroad (non-domiciled in Greece), in order to encourage them to transfer their tax residence to Greece. The “Non-Dom” regime was introduced in Greece via Article 5 of Law 4172/2013 and became effective starting from the 2020 tax year.

The provisions of these articles aim to attract investment and strengthen the greek economy by incorporating tax incentives for individuals with high financial standing. However, specific application procedures and deadlines must be met, along with compliance with the conditions set forth for continued inclusion under these special tax regimes.

¹ Law 4172/2013 (Government Gazette A' 167/23-07-2013) titled “Income Tax, Urgent Implementation Measures of Law 4046/2012, Law 4093/2012, and Law 4127/2013, and Other Provisions”



Article 5A²: Alternative Taxation for Foreign-Sourced Income

Article 5A establishes a special tax regime for individuals who transfer their tax residence to Greece in order to be subject to alternative taxation on income derived from foreign sources. The conditions for eligibility include not having been a Greek tax resident in seven out of the eight years preceding the application, and making an investment of at least €500,000 in real estate or businesses in Greece within three years from the submission of the application. The investment may also be made by a relative of the applicant, as defined in point (f) of Article 2, or through a legal entity in which the applicant holds the majority of shares or interests, and may involve real estate, businesses, movable assets, or shares in legal entities headquartered in Greece. Taxation on foreign-sourced income under this regime is fixed at €100,000 per tax year, and the regime applies for a duration of 15 years.

Article 5B³: Alternative Taxation for Pension Income

Article 5B provides a special tax regime for individuals receiving pension from abroad who transfer their tax residence to Greece. To qualify for this regime, the pension must originate from a country that has an administrative cooperation agreement with Greece, and the individual must not have been a Greek tax resident in five out of the six years prior to the

² Article 5A was added by Article 2, paragraph 1 of Law 4646/2019 (Government Gazette A' 201/12.12.2019), titled "Tax Reform with a Developmental Dimension for the Greece of Tomorrow", and was amended by paragraph 1 of Article 52 of Law 4949/2022 (Government Gazette A' 126/01.07.2022), titled "Incorporation of paragraph 5 of Article 1 of Directive (EU) 2017/952 of the Council of 29 May 2017 amending Directive (EU) 2016/1164 concerning mismatches in the treatment of hybrid instruments with third countries (L 144), ratification of the Agreement between the Hellenic Republic and the Greek Casino Enterprise for the granting of a license to operate a wide-range casino (EKAZ) in the Metropolitan Complex of Elliniko and Agios Kosmas, establishment of a comprehensive framework for sustainable development and the reopening of the Skaramangas Shipyards, amendments to the Code of Forced Expropriations of Real Estate and the Organization of the Legal Council of the State, urgent tax and customs provisions, and other urgent provisions", and paragraph 1 of Article 184 of Law 4964/2022 (Government Gazette A' 150/30.07.2022), titled "Provisions for Simplification of Environmental Licensing, Establishment of a Framework for the Development of Offshore Wind Farms, Addressing the Energy Crisis, Environmental Protection, and Other Provisions"

³ Article 5B was added by Article 1, paragraph 1 of Law 4714/2020 (Government Gazette A' 148/31.7.2020), titled "Tax Interventions to Strengthen the Development Process of the Greek Economy, Incorporation of Directives (EU) 2017/1852, (EU) 2018/822, (EU) 2020/876, (EU) 2016/1164, (EU) 2018/1910, and (EU) 2019/475 into Greek Legislation, Public Contribution for the Repayment of Loans of Affected Borrowers Due to the Adverse Consequences of the COVID-19 Pandemic, and Other Provisions". According to paragraph 51 of Article 72 of the present law, which was added by paragraph 1 of Article 14 of the same law (4714/2020): "The provisions of Article 5B apply to tax years starting from January 1, 2020, and onwards"

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transfer of tax residence. Income from foreign pensions is taxed at a flat rate of 7%, and the regime also applies for a duration of 15 years.

Article 5C⁴: Special Taxation for Employment and Business Income

Article 5C introduces a special tax regime for individuals who transfer their tax residence to Greece from an EU or EEA member state or from a country with which Greece has an administrative cooperation agreement in the field of taxation, provided they earn income from employment or business activity in Greece. Eligibility conditions include the provision of services under an employment relationship, as defined in paragraph 2 of Article 12, either to a Greek legal entity or a permanent establishment of a foreign entity in Greece, or the exercise of individual business activity in Greece, as well as residency in Greece for at least two years. Additionally, the individual must not have been a Greek tax resident for five out of the six years prior to relocating their tax residence to Greece. Persons subject to the provisions of Article 5C benefit from tax exemptions, including a 50% exemption on income from employment or business activity in Greece for a period of seven years and an exemption from the annual deemed expenses for residence and passenger vehicles.

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⁴ Article 5C was added by Article 40, paragraph 1 of Law 4758/2020 (Government Gazette A' 242/04.12.2020), titled "*Combatting Smuggling - Ratification of the Protocol for the Elimination of Illegal Tobacco Trade, Provisions on Charitable Assets and Lapsed Inheritances, Provisions on Vehicle Registration Fees and Licensing Fees, Incentives for Attracting Tax Residents, and Other Provisions*". It became effective from 1 January 2021, according to paragraph 10 of Article 81 of the same law. It was amended by Article 53 of Law 4916/2022 (Government Gazette A' 65/28.03.2022), titled "*Modernization of the Operation Framework of the Capital Market Commission, Public Contribution Program for Vulnerable Debtors until the Transfer of Their Property to the Acquiring and Releasing Entity, Chapter A' of Part II of Book III of Law 4738/2020, Incorporation of Directives (EU) 2020/1151 and (EU) 2021/1159 into Greek Legislation, New Reduced Unified Property Tax (EN.F.I.A.), Urgent Tax and Customs Provisions to Address, Particularly, the Energy Crisis, and Other Provisions*"

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