



November 2024

Tax Guide

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SOCIETE GENERALE GROUP

November 2024

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The content of this tax guide is accurate as of the publication date (November 2024). The information provided herein is general in nature and should not be considered exhaustive or tailored to specific circumstances. For further information or professional advice, please consult your tax advisors.

Taxation of company car provision

The provision of a vehicle by a company to an employee, partner, or shareholder for any period during the tax year, is a benefit in kind, which is taxed as income from paid employment of the person to whom the vehicle is provided. Taxation applies regardless of whether the company that provides the vehicle has purchased it or is currently leasing it.

The taxable value of the provision is calculated as a percentage of the vehicle's retail price (PTRP) as follows:

from 0 to 14,000 euros, as a percentage of 4% of the PTRP

from 14,001 to 17,000 euros, as a percentage of 20% of the PTRP

from 17,001 to 20,000 euros, as a percentage of 33% of the PTRP

from 20,001 to 25,000 euros, as a percentage of 35% of the PTRP

from 25,001 to 30,000 euros, as a percentage of 37% of the PTRP

more than 30,001 euros, as a percentage of 20% of the PTRP

The value of the provided vehicle is reduced based on age as follows:

0-2 years: no reduction

3-5 years: 10% reduction

6-9 years: 25% reduction

10 years or more: 50% reduction

The PTRP of a vehicle depending on type, variant and version, is the price stated in the price lists submitted to the competent Customs Authority by the official car dealers / distributors, including the value of any optional (EXTRA) equipment, before VAT and registration fee, and is listed on the “Certificate of Highest Recommended Pre-tax Retail Price” issued by the official dealers / distributors. In case the official dealer / distributor cannot issue said certificate, the PTRP is based, alternatively, on the value indicated in the relevant sales documents, before VAT and registration fee, while not considering any discounts granted.

The percentage of PTRP that forms the taxable value of the provided vehicle is calculated in tiers and not in its entirety, as this was formerly the case under the provisions of the Greek Income Tax Code (Law 4172/2013). In case a company vehicle is used for a period less than one year, the value of the benefit is calculated in proportion to the period (months) of use of the vehicle. The duration of use of a company vehicle for a period exceeding 15 calendar days is considered a full month. Example: The company provides a new vehicle with a PTRP of 20.500 euros to an employee for five months (due to recruitment during the year). The taxable value of the vehicle provision is calculated as follows: $(14,000 \times 4\%) + (3,000 \times 20\%) + (500 \times 35\%) = 2,325$ euros, considering that the use of the vehicle lasts five months, $2,325 \times 5/12 = 968.75$ euros.

The percentage of the PTRP that forms the taxable value of the benefit is not shared to more than one person. Therefore, in the above example, in case the same vehicle is provided to two employees at the same time, during the same period of the year, the amount of 968.75 euros will be considered a taxable benefit in kind for each employee individually.

From the third year of registration of the vehicle onwards (age resulting from its registration certificate on an international level), the value of the benefit in kind is reduced based on the tier set by the provision.

Therefore, vehicles with a registration date up to 2 years prior to the year in question will bear no reduction in the amount of the benefit in kind; for instance, if the vehicle was registered in 2019, then there will be no reduction up to the tax year of 2021 (i.e. for the income tax returns that will be submitted in 2022) .

Here is an example to better understand the above: A vehicle with a PTRP of 22,000 euros has 2021 as the year of its first registration on an international level. Therefore, the value of the benefit in kind will be $(14,000 \times 4\%) + (3,000 \times 20\%) + (3,000 \times 33\%) + (2,000 \times 35\%) = 2,850$ euros. Said value is reduced by 10% (for four full years of registration), i.e. the annual benefit in kind will eventually be 2,565 euros ($2,850 \times 10\% = 285$ euros, $2,850 - 285 = 2,565$ euros), which will increase the annual earnings for the tax year of 2024, concerning the income tax return to be submitted in 2025.

No payroll tax is withheld from the value of the company vehicle provision (as it applies to all benefits in kind), nor is there an obligation to pay insurance contributions. This value is stated on the pay slip, increasing the income from paid employment, and the corresponding tax is calculated in the income tax return clearance submitted annually by the employee / partner / shareholder.

Exemptions from the taxation of company vehicle provision

The provision of a company vehicle is exempt from tax if: (i) it is provided exclusively for professional purposes and (ii) the vehicle's PTRP does not exceed EUR 20,000. The cap was increased from EUR 17,000 to EUR 20,000 by the adoption of Law 5135/2024 in September 2024. Such increase provides to legal persons a greater incentive to lease vehicles to cover their corporate needs.

The use of a vehicle for business purposes includes the following cases:

a) Vehicles provided by companies to specific salespersons, technicians, and other employees whose work requires frequent movement outside the employer's premises ("tool cars") and are used for the employer's business activity, regardless of whether these vehicles can be used by the beneficiaries outside their working hours. Instead, the provision of vehicles to employees due to their position (e.g., to managers and sales inspectors, technical directors, and other executives – known as "status cars"), is a taxable benefit in kind.

b) Test-drive vehicles owned by car dealerships,

c) Personnel transport vehicles (e.g., mini-bus),

d) Vehicles used by companies (e.g., hotel companies) for the transport of their guests or customers,

e) Vehicles provided by vehicle repair and maintenance companies on a temporary basis and in replacement of those under repair, and

f) Private-use vehicles used by the airlines and airport management companies for the service of aircrafts and their passengers (airport vehicles) as well as for the transport of VIPs or personnel.

Therefore, if a vehicle, from the above cases a) to f), has been provided for use to an employee or partner or shareholder of a company, but has a PTRP of more than 20,000 euros, then there will be no exemption from the taxation of the provision as a benefit in kind, even if used for business purposes, e.g. by a salesperson for their daily visits to customers or if it is a light commercial vehicle (LCV) used for business purposes. The calculation of the taxable value, in this case, is made over the total PTRP of the vehicle and not the amount exceeding the 20,000 euros.

Example

The company provides a vehicle to its salesperson for business purposes with a PTRP of 21,000 euros. The taxable benefit in kind will amount to $(14,000 \times 4\%) + (3,000 \times 20\%) + (3,000 \times 33\%) + (1,000 \times 35\%) = 2,500$ euros. Conversely, if the company provides a vehicle with a PTRP of 19,500 euros to a salesperson for its business purposes, this provision will not be a taxable benefit in kind.

In addition, according to the provisions of the new Tax Law (Law 4646/2019), as these apply after being amended by the provisions of Law 4710/2020, the market value of the provision of a vehicle of zero or low-emissions up to 50 g CO₂ / km with a Pre-tax retail price (PTRP) up to forty thousand (40,000) euros to an employee or partner or shareholder from a natural or legal person or from a legal entity for any period of time within the tax year, is excluded from the calculation of income from paid employment.

When the PTRP of the vehicle of zero or low-emissions exceeds 40,000 euros, only the excess of the PTRP (ie. the amount over 40,000 euros) is taken under consideration in order to calculate the value of the provision based on the scale of the Income Tax Code (ITC).

Below, you will find an example for a better understanding of the above:

Suppose a vehicle of zero or low pollutants up to 50 g CO₂ / km, with a PTRP of 50 thousand euros is granted to an employee or partner or shareholder. In this case, the scale envisaged in article 13 (2) of the ITC is applied only for the value of the PTRP exceeding 40 thousand euros, i.e., for the 10 thousand euros and not for the total amount of the PTRP, which is 50 thousand. Therefore, only the amount of 400 euros (PTRP 10 thousand euros with a rate of 4% based on scale) is regarded as the value of the provision.

To determine if a vehicle is of zero or low-emissions up to 50 g CO₂ / km, the relevant vehicle registration certificate is taken under consideration.

Additional tax burdens on certain company car holders

3.1 Annual objective cost for a private-use passenger car

The income tax of natural persons is determined in principle based on their actual income. At the same time, an imputed income is calculated based on the statutory living expenses. In case these exceed the actual income, the difference between actual and imputed income increases the taxable income of the natural person and is taxed accordingly. Instructions for the correct application of the alternative way of calculating the minimum income tax (articles 30-34 of Law 4172/13) were given by the Circular 1016 / 2015. Living expenses also include the annual objective cost of private-use passenger cars owned or leased (through a finance lease) by the taxpayer. In case the cars are owned or leased by legal entities, the total annual objective cost attributable to the cars is considered as the objective cost of the following persons per case:

- general or ordinary, other than limited partners, partners or societies or members of a consortium of natural persons, shared in proportion to their participation in the company, in the case of general or limited or civil partnerships or in the society or consortium;
- natural persons, members of the limited liability company, shared in proportion to their participation in the limited liability company, when its managers are not partners thereof;
- managers of the limited liability company who are also its partners, shared in proportion to their participation in the limited liability company;
- managing and executive directors, managers of public limited companies and chairmen of their board of directors, equally shared, regardless of whether their management is effective;
- the person representing a foreign legal person in Greece without establishment in Greece or the head of the office or branch or agency of a foreign legal person in Greece.

If the partners of the general, limited, limited liability or civil partnerships, societies or consortia are legal persons, the objective cost of the cars they own or hold is considered to be the objective cost of the natural persons participating in these legal entities and hold the aforementioned positions in the legal entities. In case the partners of the aforementioned legal entities are foreign legal persons, then the objective cost is borne by natural persons participating in such foreign legal persons, provided that the latter are established and are obliged to submit a tax return in Greece. The objective cost is borne by each of the designated natural persons regardless of their place of residence or domicile, if they acquire actual income in Greece, and said cost cannot exceed the highest objective cost arising from the company car for each of these persons and for each company. The amount of the annual objective cost is formed based on the cylinder capacity of the vehicle engine, as follows:

Engine cylinder capacity	Amount of objective cost (in euro)
Up to 1,200 cc	4,000.00
From 1,200 cc up to 2,000 cc	Increase of 600 Euros per 100 cc.
From 2,000 cc up to 3,000 cc	Increase of 900 Euros per 100 cc.
Over 3,000 cc	Increase of 1,200 Euros per 100 cc.

The aforementioned amounts of the objective cost are reduced depending on the age of the car (calculated from the year of first circulation in Greece or in an EU / EEA country) as follows:

Car age	Percentile reduction of objective cost
From 5 up to 10 years	30%
Over 10 years	50%

For a better understanding of the above we cite the following example:
Let's assume a public limited company has the below mentioned leased company vehicles:

cc	Objective Cost (before reduction)	Age (years)	% of reduction	Objective Cost
1200	4,000.00	2	0%	4,000.00
1500	5,800.00	11	50%	2,900.00
1600	6,400.00	6	30%	4,480.00
2000	8,800.00	3	0%	8,800.00
2500	13,300.00	1	0%	13,300.00
			Total	33,480.00

The objective cost for the Chairman and the Managing Director will be calculated as follows:

Authorized Person	Objective Cost Calculation	Final Objective Cost
Chairman of the BoD	33.480,00 / 2 = 16.740,00 > 13.300,00	13.300,00
Managing Director		13.300,00

3.2 Luxury tax

Luxury tax is levied on natural persons who are charged with the annual objective cost of private-use passenger cars.

The tax is imposed if the car has an engine cylinder capacity over 1,929 cubic centimetres, as follows:

1. For passenger cars with a cylinder capacity from one thousand nine hundred twenty-nine (1,929) to two thousand and five hundred (2,500) cubic centimetres, the tax is equal to the product of the amount of the annual objective cost multiplied by a rate of 5%.
2. For passenger cars with a cylinder capacity of two thousand and five hundred (2,500) cubic centimetres and more, the tax is equal to the product of the amount of the annual objective cost multiplied by a rate of 13%.

Private-use passenger cars with an age of more than ten (10) years from the year of their first circulation in Greece or in an EU / EEA country (as well as cars for the disabled, which are exempted from excise duties) are exempted from the imposition of the luxury tax. Now, by virtue of an amendment submitted to the Hellenic Parliament in December 2019, the exemption from the luxury tax also applies to private-use passenger cars of households with many children.

The luxury tax is assessed in the income tax clearance note issued upon submission of the income tax return of the taxpayer (natural person).

2020 is considered to be the last year of imposing luxury tax on vehicles, as the government has already announced the abolition of imputed income presumptions on the basis of living expenditures or acquisition of assets, which will also apply for the luxury tax from 2021 onwards.

For pure electric vehicles with a PTRP up to 50,000 euros, we do not calculate presumptions on maintenance costs. A 4,000 euros presumption on maintenance costs is calculated for the excess amount. It is presumed that we do not calculate the luxury tax for these vehicles, since they do not have an ICE and this tax is calculated on the basis of the cubic centimeters of the vehicle.

4

Discount for corporate vehicle costs

4.1 Income Taxation

The actual expenses of the company, which relate to the cost of the vehicle and include depreciations (if the car is privately owned or in case of a finance lease, referred to the next section), repair and maintenance costs, excise duty, fuel, tolls, as well as the relevant costs in case of an operating or finance lease, are deducted in full (100%), provided that the following conditions are met:

they are carried out in the interests of the company or in its ordinary course of business;

they correspond to a real transaction;

they are entered in the accounting books for the period in which they incur and are proved with appropriate supporting documents.

As a result, expenses incurred by company employees (fuel, tolls) will be deducted if it is proven that they incur for corporate purposes (e.g., visits to company customers).

In addition, case b) of par. 1 of article 14 of the ITC was replaced by virtue of the provisions of article 6 of Law 4710/2020, so that the exemption from the calculation of the income from paid

employment includes the compensation paid by the employer for the the electricity cost used in order to charge a personal or corporate vehicle of zero or low-emissions up to 50 g CO₂ / km, provided that it refers to travel expenses incurred by the employee during the performance of their service and is evidenced by legal documentation.

According to the decision E. 2197 issued by the Independent Authority for Public Revenue (AADE) on 10.12.2020, as well as to the provisions of Law 4710/2020, it is stipulated that the cost of charging a passenger car of zero or low-emissions up to 50 g CO₂ / km at the employer's premises free of charge is excluded from the calculation of taxable income from paid employment.

To conclude with, in accordance with the provisions of the new Tax Law for the promotion of e-mobility (Law 4710/2020), the possibility of an increased deduction of the lease cost is also provided. More specifically, for the cost of leasing a corporate passenger car of zero emissions, with a maximum PTRP of up to 40 thousand euros, the company is given the opportunity to deduct the lease from its gross income, at the time of its realization, increased by 50% and for the excess amount by 25%. The corresponding percentages for vehicles with low emissions up to 50g CO₂ / km, are 30% and for the excess amount 15%.

It is clarified that the additional discount of 50% and 25% (or 30% and 15%, as the case may be) on the expenses in question is made off the balance sheet by submitting the income tax return for the years during which the company vehicles in question are leased.

4.2 Depreciations in case of finance lease

Firstly, it should be noted that the tax treatment of the finance leases of assets has changed significantly in recent years. In general, the tax and accounting treatment applied to finance lease is affected by the year of conclusion of the lease contracts.

The conceptual identification of finance lease on tax and accounting framework occurred with Law 4546/2018 for the entities that apply the Greek Accounting Standards (GAS). This means that the tax treatment of the finance lease contract concluded from 1.1.2018 onwards by entities that apply the GAS does not differ from their accounting treatment. For entities that apply the IFRS, the conceptual identification sought after with Law 4646/2019 (applied to contracts concluded since the accounting treatment thereof) occurred at a time when IFRS 16 has already been implemented since 1.1.2019, according to the provisions of which the lessee no longer separates leases into finance and operating ones under the old standard (IAS 17), but classifies the majority of the contracts as finance leases; therefore, the majority of the leases are capitalized with recognition of the right-of-use of the asset leased in the balance sheet.

Clarifications on the tax designation of a lease as operating or finance and on the manner depreciations are carried out by the lessee or lessor were finally given by the decision FE. 2206/24.12.2020. Especially for contracts concluded from 1.1.2020 onwards and specifically for companies that apply the IAS / IFRS, given that under IFRS 16 (Leases effective since

1.1.2019), there is no distinction between operating and finance lease for the lessee and that the definition of finance lease concerns only the lessor, it is pointed out that for the application of the tax provisions, the concept of the finance lease - as defined by the provisions of the IAS / IFRS for the lessor-, is used to designate the respective contract as a finance lease contract, without considering the more specific arrangements of the provisions in question (person, depreciation rate, etc.).

or tax purposes, this means that if the lease is classified as a finance lease for the lessor based on the conditions and criteria set out in the provisions of the GAS or those of the IAS / IFRS, depreciation is carried out by the lessee and not by the lessor, despite the fact that they are not the owner of the asset. For this purpose, the lessee recognizes the leased asset as their asset, respectively crediting an equal liability to the lessor and the asset is treated as their own fixed asset (privately owned). As for the lessor, they will report the market value of the asset as a receivable from the lessee.

To the remainder, what has been clarified with the decision E.2080 / 2019 continues applying, according to which for the calculation of tax depreciations, the rates provided for in article 24 of Law 4172/2013 (ICT), and not the duration of the useful life of the vehicle, as this is estimated each time by the company, are taken into account, while in the case of a finance lease, where the ownership of the asset is not transferred to the lessee and its duration is shorter than the depreciation period of the asset, any undepreciated balance at the time of contract expiry will be transferred cumulatively to the tax results of the tax year of the end of the lease.

It is pointed out that for modifications of contracts that take place after 1.1.2020 and concern contracts that have been concluded before 1.1.2020, the provisions of article 24 of the ICT apply, as they were in force at the time of concluding the initial contract.

Based on the GAS and IAS / IFRS, for the lessor, the term "Finance Lease" denotes a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. The ownership title can eventually be transferred or not. Examples of situations that individually or in combination would lead to a lease being classified as a finance lease are the following:

- a) The lease transfers ownership of the asset to the lessee by the end of the lease term.
- b) The lessee has the right to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date when the right is exercised, so that, at the inception date, it is reasonably certain that said right will be exercised.
- c) The term of the lease extends over the major part of the economic life of the asset, even if the ownership title is not transferred.
- d) At the inception of the lease, the present value of the minimum lease payments, excluding the cost of any services rendered during the lease, substantially covers the full fair value of the leased asset.
- e) Leased assets are of a special nature, so that only the lessee can use them without the need for major modifications.

Indications of situations that individually or in combination would also lead to the classification of a lease as a finance lease are the following:

- a) If the lessee has the right to cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee.
- b) Profits and losses from the fluctuation in the fair value of the residual accrue belong to the lessee (for example in the form of a rent deduction equal to most of the proceeds of the sale of the asset at the end of the lease).
- c) The lessee has the ability to extend the lease for a rent significantly lower than the current market rents.

As the above indications do not set strict quantitative criteria for the classification of a lease as a finance lease, in any case, during the examination of the terms of a lease contract, it is necessary to examine objectively the terms agreed between the lessee and the lessor to ultimately determine whether the risks and benefits incidental to ownership of a leased asset lie with the lessor or lessee. In simpler terms, a finance lease exists if, in the end, the lessee is substantially the owner of the asset and not the lessor who has its legal ownership.

For finance lease contracts concluded between 1.1.2014 and 31.1.2017, the provisions of art. 24 of Law 4172/2013 (ICT) apply, as they were in force at the time of concluding the initial lease contract. Under these provisions, the concept of the finance lease in the GAS is not identical to the concept of the finance lease in the tax law, where it was sufficient to meet only one of the above criteria to qualify a lease as a "finance lease" for tax purposes.

For the finance lease contracts that were concluded before the entry into force of Law 4172/2013 (i.e., before 1.1.2014) the provisions of Law 2238/1993 apply, until their expiration. Consequently, for these agreements, the lessee will recognise the rents from finance leases as expenses (rental costs) for tax purposes.

4.3. Depreciation factors to support electric mobility

Different depreciation rates for electric passenger and commercial vehicles, are provided for under the clauses of the Tax Law (4646/2019) as well as of Law 4710/2020, which provides clauses to support electric mobility, as these are listed below:

Business Asset Category	Tax Depreciation Rate
Passenger vehicles of zero emissions	50%
Passenger vehicles of low-emissions up to 50 g CO ₂ / km	25%
Commercial vehicles of zero emissions	50%
Commercial vehicles of low-emissions up to 50 g CO ₂ / km	25%

In addition, a new category of business assets is established “Structures and facilities for charging vehicles of zero or low-emissions up to 50 g CO₂ / km” with a tax depreciation rate of 100%. This category includes all costs related to the purchase, construction, installation, and operation of publicly accessible or not charging points for vehicles of zero or low-emissions up to 50 g CO₂ / km.

It is noted that in order to determine if a vehicle is indeed of zero or low-emissions up to 50 g CO₂ / km, the relevant vehicle registration certificate is taken into account.

Apart from this, according to the provisions of the ICT, as amended by the provisions of Laws 4646/2019 and 4710/2020, the means of transportation are still depreciated at a rate of 16% and the commercial vehicles at a rate of 12%.

4.4. Increased depreciation for corporate passenger cars of zero or low-emissions up to 50 g CO₂/km

According to the provisions of the new tax law (Law 4646/2019), as amended by the provisions of Law 4710/2020, it is stipulated that for the depreciation expense of a corporate passenger car of zero-emissions, with a maximum Pre-tax retail price (PTRP) up to 40,000 euros, the company is granted an option of deduction from its gross income, increased by fifty percent (50%), while for any excess amount, a rate of twenty-five percent (25%). The corresponding rates for cars with low-emissions up to 50 g CO₂ / km. is thirty percent (30%) and fifteen percent (15%).

This provision grants a deduction from the gross income of companies, increased by 50% for the cases of depreciation expenses related to the purchase of zero-emission corporate vehicles and 25% for the cases of depreciation expenses related to the purchase of low-emission corporate vehicles up to 50 g CO₂ / km., regarding the depreciation expense corresponding to a Pre-tax retail prices (PTRP) of up to 40,000 euros. For the depreciation expense corresponding to the amount of the RPBT exceeding 40,000 euros, the depreciation expense is increased by 25% and 15%, respectively.

All natural persons earning income from a business activity, provided that the car is considered a fixed asset of the company, as well as the legal persons and legal entities, which incur depreciation expenses of a company passenger car of zero or low-emissions up to 50 g CO₂ / km, regardless of the way their books are kept (single-entry or double-entry books) are eligible for the aforementioned discount.

It is clarified that the additional discount of 50% and 25% (or 30% and 15%, as the case may be) on the expenses in question is made off the balance sheet, by submitting the income tax return for the years during which the company vehicles in question are leased.

A relevant example has been provided for the better understanding of the above:

In the tax year 2024, a public limited company proceeds to the purchase of a corporate vehicle (passenger vehicle) of zero emissions worth 70,000 euros, which has a PTRP of 50,000 euros. The depreciation rate for this vehicle amounts to 50%, according to the table of article 24 (4) of the ICT. Therefore, the depreciation is carried out in two years (in our example: in the years 2024 and 2025). The company will carry out a tax depreciation of € 35,000 (70,000 X 50%) both in 2024 and 2025. In addition, it has the right to deduct, through the submission of the income tax return, an additional depreciation totalling € 15,750 in each of these years, which results as follows:

50% on the amount of the annual depreciation corresponding to the PTRP up to 40,000 euros ($35,000 * 40,000 / 50,000 * 50\% = 14,000$), and
25% on the amount of the annual depreciation corresponding to the PTRP that exceeds the limit of 40,000 euros, i.e. on € 10,000 ($(35,000 * 10,000 / 50,000) * 25\% = 1,750$)

Therefore, in each of the tax years of 2024 and 2025, the company will deduct the amount of 50,750 euros from its gross income as depreciation (35,000 euros based on a rate in the table of article 24 (4) of the ICT, increased by 15,750 euros, i.e. by the amount resulting from the scale of the fourth and fifth verse of the same paragraph and article).

In the event that losses occur upon deduction of the aforementioned increased depreciations carried out off the balance sheet, these are transferred for offset with future profits based on the provisions of the ICT.

In order to determine whether the corporate cars are of zero or low-emissions up to 50 g CO₂ / km., their vehicle registration certificate is taken into account, while the PTRP of a vehicle depending on its brand, model, type, variant and version, is the price resulting from the price lists submitted to the competent Customs Authority by the official car dealers / distributors or by other liable persons, including the value of any extra / optional equipment, before VAT and registration fee, and is indicated in the “Certificate of Highest Recommended Pre-tax Retail Price” issued by the latter. In case these persons cannot issue said certificate, the PTRP is based, alternatively, on the value indicated in the relevant sales documents, before VAT and registration fee, while not considering any discounts granted.

Especially for businesses that carry out a business activity in the island municipalities of Greece, for the depreciation expense of a corporate passenger car of zero emissions with a maximum PTRP of up to forty thousand (40,000) euros, the company is granted the option of making a deduction from its gross income, increased by seventy-five percent (75%) and for the excess amount, of thirty-five percent (35%). The corresponding depreciation rates for cars with low-emissions up to 50 g CO₂ / km is thirty-five (35%) and twenty percent (20%).

The new increased depreciation rates apply from 1.1.2020 onwards, regardless of the acquisition time of these assets.

The clauses on increased depreciation have limited effect and apply on assets acquired during the fiscal years of 2020 and 2021.

4.5. Electric vehicle subsidy program “KINOUME ILEKTRIKA 3” (I MOVE ELECTRICALLY III)

In June 3, 2024, Government Gazette Issue 3076 was published, pursuant to which the third cycle of the EV subsidy programme (“KINOUME ILEKTRIKA 3”/I MOVE ELECTRICALLY 3) officially commenced in our country. Contrary to the two previous programmes, namely “KINOUME ILEKTRIKA 1” (I MOVE ELECTRICALLY 1) and “KINOUME ILEKTRIKA 2” (I MOVE ELECTRICALLY 2), this new programme solely pertains to the lease or purchase of pure electric vehicles. This programme, with a budget of 33 million euros, also provides for the purchase of electric bicycles, drawing 10% of the total budget, namely 33 million euros, for this action. More specifically, the programme provides for the following:

Category A - Natural persons

- Subsidy of 30% of the price before VAT for the purchase or lease of an electric car, with a maximum amount equal to €9,000.
- €2,000 reward for scrapping a car and €500 subsidy for the purchase of a smart charger.
- Additional €1,000 subsidy for the purchase of a car by persons with disabilities.
- Additional subsidy for large families equal to €1,000 per dependant child after the third child and up to €4,000 in total.
- An additional €1,000 subsidy for the purchase of a car and a microcar by persons up to 29 years old.
- Subsidy of 40% of the price before VAT and up to €3,000 for the purchase of L5e - L7e vehicles (professional electric tricycles and microcars).
- Subsidy of 30% of the price before VAT and up to €1,300 for the purchase of electric two-wheelers falling within the L1e - L4e categories.
- Subsidy of 40% and up to €800 for electric bicycles.

CATEGORY B - Legal Persons and Enterprises

- Subsidy of 30% of the price before VAT for the purchase or lease of an EV and up to €6,000 per vehicle for 1 to 20 vehicles and subsidy of 20% of the price and up to €4,000 per vehicle for 21 vehicles or more.
- €2,000 scrapping reward per car and €500 subsidy per charger for the purchase of a smart charger.
- Subsidy of 40% of the price before VAT and up to €3,000 for the purchase of L5e - L7e vehicles (professional electric tricycles and microcars).
- Subsidy of 30% of the price before VAT and up to €1,300 for the purchase of electric two-wheelers falling within the L1e - L4e categories.
- Subsidy to courier, distribution and tourism companies for the purchase of up to 10 electric bicycles.
- Additional subsidy of €4,000 per car for companies operating in islands.

The subsidy rates are analyzed in the following summary table of incentives:

Category of Beneficiary	Number of vehicles	Green Bonus	Optional Withdrawal from circulation	Smart home charger	Disabled, Large households, young persons up to 29 years old (additional)
NATURAL PERSONS (Category A)	1	30%, to 9.000€	2.000 €	500 €	1.000 €
BUSINESSES (Category A)	Από 1 έως	30%, to 9.000€	2.000 € per vehicle	400€ per point, (with a maximum number of chargers equal to the number of subsidized cars applied for)	N/A
	Από 21 και	20%, to 4.000€			N/A

For example, suppose an individual decides to buy / lease an electric vehicle with a price list price of € 33,980. Suppose that the PTRP of the vehicle is € 27,403. In this case the subsidy to which a private party is entitled to is $€27,403 * 30\% = €8,221$ with a ceiling of €9,000. If they decide to voluntarily withdraw from circulation their previous vehicle, they are entitled to an additional subsidy of €2,000, while for the disabled and for large households, the subsidy is increased by an additional €1,000. So, when we consider the maximum total amount of the subsidy, this is € 10,000 while the final price of the car is $€ 33,980 - € 12,000 = € 21,980$.

Anyone interested in participating in the action can submit a request to the web portal <https://kinoumeilektrika3.gov.gr/>, while their application must be accompanied by the necessary supporting documents, as analyzed in an appendix on the above website.

In case the interested party chooses to acquire an electric vehicle through a lease contract, s/he can receive a green bonus based on the above table. In this case, it is recommended that the deposit given and provided for in the lease contract be at least equal to the corresponding green bonus. In this way the beneficiary receives the full subsidy immediately by submitting his/her request, and by attaching the agreement and the proof of payment of the deposit together with the other supporting documents. The green bonus is calculated on the price for the basic version of the model, which does not include optional equipment, accessories, etc.

Finally, it is important to mention that electric cars are also exempt from the annual Excise Duties.

4.6. VAT

No right to deduct VAT paid by companies and professionals - natural persons is provided for in the following cases, even when the cars are used for business purposes:

- For purchase, import or intra-community acquisition of private-use passenger cars of up to nine (9) seats.
- For fuel, repair, maintenance, rental and circulation costs of the above cars in general.

In this case, VAT is a cost and is deductible as an expense for income tax purposes. Any resale of the car that has been purchased without a VAT deduction from said purchase, is exempt from VAT. By way of exception, the right to deduct VAT is recognized in case the above cars are intended for sale, leasing or transport of persons at a fare. On the contrary, the right to deduct VAT is recognized for the above expenses in respect of trucks or light commercial vehicles (LCVs), in so far as they are used for business purposes.

Professional natural persons

The use of a leased car by professional natural persons (sole proprietorships, self-employed persons) is not a taxable benefit in kind. The cost of the lease and other operating and usage costs of the car are deducted from the taxable income under the same conditions that apply to legal persons:

they are carried out in the interests of the company or in its ordinary course of business;
 they correspond to a real transaction;
 they are entered in the accounting books for the period in which they incur and are proved with appropriate supporting documents.

In case the lease is considered to be a finance lease, the professional - lessee carries out the depreciations, which can be deducted together with the interest corresponding to the rents.

The professional is obliged to state in their personal income tax return (E1) the amount of the annual objective cost corresponding to the leased car, depending on the months of the year during which he has the car at his disposal. In case the lease is considered to be a finance lease, the professional is also obliged to declare the amount paid each year under account codes 727-728 for the cost of the interest-bearing amortization of loans of any kind.

To the extent that the car is leased for business use, there is no obligation to fill in the account codes 719-720 for the cost of purchase or for the finance lease of cars, as there is an exception to this code when leasing fixed equipment intended for professional use.

Individuals

Individuals who purchase or lease cars are charged with the corresponding annual objective cost (declared in the personal tax return E1), depending on the months during which the car is in their ownership or possession. They are also obliged to declare the relevant amount of purchase or lease (if it is a finance lease) under account codes 719-720, in which the costs of purchase or of the finance lease of cars are declared and the amount of the (finance) lease under account codes 727-728 for the cost of the interest-bearing amortization of loans of any kind.

Taxes on the import of cars in Greece

7.1. Import duties

Import duties are imposed on the import of passenger cars and trucks in Greece from third countries outside the European Union, regardless of the status of the person making the import (business, entrepreneur - natural person, private party).

The rate of import duties depends on the type of car imported. In the case of passenger cars for private use, the rate is 10%, while in the case of trucks, the rate ranges from 0% to 22%.

By way of exception, for those countries with which the European Union has concluded preferential agreements, import duties may be reduced or zero.

7.2 Registration fee

A registration fee is imposed on the purchase of new or used cars, originating either from other Member States of the European Union or from third countries outside the European Union.

The taxable value for the imposition of the registration fee is formed on the basis of the pre-tax retail sale price of the car, depending on type, variant and version. This is the maximum recommended sale price, before VAT, as it derives from the price lists submitted to the competent Customs Authority by the official car dealers / distributors. The price includes the value of the extra equipment, as well as the value of special versions of the vehicle and any cost that affects the sale price.

For used passenger cars, the retail price for a brand-new passenger car of the same brand, type, variant, and version with the same equipment is taken into account as above, as this was valid at the time of its release on the international market, after it is reduced by the impairment rate set depending on age, body work and mileage. The total impairment may not exceed 95%.

The registration fee rates vary according to the above taxable value and the amount of carbon dioxide (CO₂) emitted, and apply as follows for private-use passenger cars:

CO2 emissions	0-130	131-156	157-182	183-208	209-234	235-260	261-325	>250
< 14.000	3.80%	4.00%	4.40%	4.80%	5.20%	5.60%	6.40%	8.00%
14.000 - 17.000	24.70%	26.00%	28.60%	31.20%	33.80%	36.40%	41.60%	52.00%
17.001 - 20.000	50.35%	53.00%	58.30%	63.60%	68.90%	74.20%	84.80%	106.00%
20.001- 25.000	58.90%	62.00%	68.20%	74.40%	80.60%	86.80%	99.20%	124.00%
25.001 - 30.000	67.45%	71.00%	78.10%	85.20%	92.30%	99.40%	113.60%	142.00%
> 30.000	28.50%	30.00%	33.00%	36.00%	39.00%	42.00%	48.00%	60.00%

The above registration rate coefficients may be increased from 50% up to 500%, for cars that, due to manufacture, do not meet the requirements of the current European emission standard (Euro). For hybrid cars, a 50% exemption from the registration fee applies while a full exemption applies to pure electric cars.

8

Deposit - Advance payment during the vehicle lease contract

In the event that, upon conclusion of a contract for leasing a vehicle, the customer is required to pay the lessor amounts relating to either an advance payment or a deposit for this new lease, the following shall apply:

With regard to the advance payment paid by the customer, the corresponding invoice is not issued when the customer makes the payment but at a later time, i.e. when the car lease starts. The reason why an invoice is not issued at the time the advance payment is paid is because the new vehicle has not yet been received and therefore the service that the lessor has undertaken to provide to the customer has not yet been rendered. In order for an invoice to be issued, according to the Greek Accounting Standards (GAS) / International Accounting Standards (IAS), the service offered to the customer must either have been started or completed. The invoicing of the advance payment must coincide with the start of the service to constitute taxable/accounting income, otherwise until the delivery of the vehicle, it is an obligation of the lessor to provide the vehicle promised to the customer. Until the vehicle is delivered and the advance payment is invoiced, the customer must recognize the advance payment as a receivable in their books and not as an expense, i.e. as a receivable from the lessor to deliver the vehicle for lease.

The deposit paid by the customer is a cash transaction and is not invoiced because it does not represent the provision of a service to the customer. The deposit is returned intact upon termination and return of the vehicle and its role is to shield the potential risk assumed by the lessor in making its asset available for lease.



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