



COVID-19: EY Greece Government Support Package

05 May 2020



Building a better
working world

COVID-19: Greek Government Support Package



- ▶ Greece has adopted a series of emergency tax as well as social security and labor law measures as a response to the unprecedented COVID-19 situation. Certain other targeted measures have also been adopted in relation to affected enterprises' financing.
- ▶ The measures so far are included in five legislative acts (dated 11 March 2020, 14 March 2020, 20 March 2020, 30 March 2020 and 13 April 2020), implemented through various Ministerial Decisions, whereas Government announcements have declared the adoption of further measures and provide clarifications on the implementation of the adopted ones.

Areas being addressed:

1. Cash-flow support, including tax deferrals
2. Providing support in the health system by reducing applicable VAT
3. Business support through provision of grants
4. Business support through provision of credit & interest subsidies
5. Employment support, including employers and employees

These aims are primarily being delivered through:

- ▶ The central tax system
- ▶ The central employment system
- ▶ The State Budget
- ▶ The European Union (through allowable granting of State Aid)

Affected enterprises can choose to either defer payment of tax debts up until 31 August 2020 or make payment on time at a discount of 25% (only available for specific tax debts).

Tax payments

For affected enterprises:

- ▶ The payment of debts assessed and due to the Tax Administration (including payment of debt instalments or partial repayments) that are due between 11 March 2020 and 30 April 2020 are suspended up until 31 August 2020.
- ▶ The collection of debts assessed and due by 11 March 2020 are suspended up until 31 August 2020.
- ▶ No late payment interest or penalty calculated during the suspension period.

Tax payments discount

- ▶ A discount of 25% may be granted to financially affected enterprises if the debt instalments / partial repayments due between 30 March 2020 and 30 April 2020 are paid on time.
- ▶ VAT and WHT debts are excluded from the 25% discount, unless previously included in a debt instalment / settlement payment scheme.

Practical considerations

- ▶ The deferral of tax payments applies to affected enterprises as determined by each enterprise's Code of Activity (ΚΑΔ). A list of affected enterprises is issued and constantly updated by virtue of Ministerial Decisions.
- ▶ As a prerequisite for the deferral, the enterprises must maintain all job positions. The timeframe during which the enterprises must maintain all job positions is unclear, therefore this prerequisite should be applied as conservatively as possible.
- ▶ No application required for the deferral of tax payments.

Practical considerations

- ▶ The discount of 25% does not apply to all tax debts.
- ▶ As a prerequisite for the discount, the enterprises must maintain all job positions. The timeframe during which the enterprises must maintain all job positions is unclear, therefore this prerequisite should be applied as conservatively as possible.

For more information

Stephanos Mitsios

Stefanos.Mitsios@gr.ey.com

Tel: +30 210 28 86 368

Konstantina Galli

Konstantina.Galli@gr.ey.com

Tel: +30 210 28 86 355

Constantina Nicolaou

Constantina.Nicolaou@gr.ey.com

Tel: +30 210 28 86 800

Affected enterprises can choose to either defer payment of VAT up until 31 August 2020 or make payment on time at a discount of 25% (only available for debt instalment / settlement payment scheme).

Tax payments - VAT

For affected enterprises:

- ▶ The payment of VAT due between 11 March 2020 and 30 March 2020 is suspended up until 31 August 2020.
- ▶ The payment of VAT that were due by 11 March 2020 is suspended up until 31 August 2020.

Tax payments discount - VAT

- ▶ A discount of 25% may be granted for on-time payment of VAT debts due between 30 March 2020 and 30 April 2020, subject to being included in a debt instalment / settlement payment scheme.

Practical considerations

- ▶ The deferral of tax payments applies to affected enterprises as determined by each enterprise's Code of Activity (ΚΑΔ). A list of affected enterprises is issued and constantly updated by virtue of Ministerial Decisions.
- ▶ As a prerequisite for the deferral, the enterprises must maintain all job positions. The timeframe during which the enterprises must maintain all job positions is unclear, therefore this prerequisite should be applied as conservatively as possible.
- ▶ No application required for the deferral of tax payments.

Practical considerations

- ▶ On-time payment of VAT debts due by 30 April 2020 is not eligible for the 25% discount.
- ▶ As a prerequisite for the discount, the enterprises must maintain all job positions. The timeframe during which the enterprises must maintain all job positions is unclear, therefore this prerequisite should be applied as conservatively as possible.

For more information

Stephanos Mitsios

Stefanos.Mitsios@gr.ey.com

Tel: +30 210 28 86 368

Konstantina Galli

Konstantina.Galli@gr.ey.com

Tel: +30 210 28 86 355

Constantina Nicolaou

Constantina.Nicolaou@gr.ey.com

Tel: +30 210 28 86 800

Affected enterprises can offset 25% of VAT paid on time for March 2020 with other future tax debts.

Tax payment offset - VAT

- ▶ 20% of the VAT paid on time in respect of the VAT returns filed for March 2020 up to 30 April 2020 can be offset against other future tax liabilities, which will become due from 1 May 2020.
- ▶ As a prerequisite, the enterprises must have paid the VAT obligations for February 2020 in full.

Practical considerations

- ▶ As a prerequisite, the enterprises must maintain all job positions. The timeframe during which the enterprises must maintain all job positions is unclear, therefore this prerequisite should be applied as conservatively as possible.

For more information

Stephanos Mitsios

Stefanos.Mitsios@gr.ey.com

Tel: +30 210 28 86 368

Konstantina Galli

Konstantina.Galli@gr.ey.com

Tel: +30 210 28 86 355

Constantina Nicolaou

Constantina.Nicolaou@gr.ey.com

Tel: +30 210 28 86 800

Relief measures for affected individuals include a deferral of tax payments up until 31 August 2020 and a reduction of main residence rent by 40%.

Tax payments

The payment of debts due by 11 March 2020 or assessed and due to the Tax Administration between 11 March 2020 to 30 April 2020 (including payment of debt instalments or partial repayments) is suspended up until 31 August 2020 for:

- ▶ private individuals that lease real estate property to financially affected enterprises
- ▶ employees of financially affected enterprises whose employment contract has been suspended

No late payment interest or penalty calculated during the suspension period.

Tax payments discount

- ▶ A discount of 25% may be granted for on-time payment of debt instalments / partial repayment scheme instalments that are due from 30 March 2020 to 30 April 2020.

Reduced rent by 40%

- ▶ Main residence rent for the months of March and April 2020 is reduced by 40% for employees whose employment contract is suspended due to enterprises having their operations mandatorily suspended or forbidden.
- ▶ The rent reduction is also applicable for the month of April 2020 for employees of affected enterprises whose employment contract is suspended.

Practical considerations

- ▶ This tax deferral measure may have limited application for individuals / employees, as limited taxes are payable during this period.

Practical considerations

- ▶ The 25% discount does not apply to all tax debts.

Practical considerations

- ▶ Employees and enterprises eligible for the rent reduction must declare the suspension of employment contract on the ERGANI platform.
- ▶ It appears that the landlords won't get any compensation (other than tax payments deferral) and no approval would be required by the landlords.

For more information

Stephanos Mitsios

Stefanos.Mitsios@gr.ey.com

Tel: +30 210 28 86 368

Konstantina Galli

Konstantina.Galli@gr.ey.com

Tel: +30 210 28 86 355

Constantina Nicolaou

Constantina.Nicolaou@gr.ey.com

Tel: +30 210 28 86 800

Additional measures in terms of liquidity and relief are provided in the form of acceleration of tax refunds, reduced rents on business premise and extension for payment of cheques.

Acceleration of tax refunds

- ▶ Refunds of income taxes and VAT up to €30,000 per tax category shall be refunded immediately.
- ▶ Tax audit may still be conducted on a sample basis.

Reduced rent by 40%

- ▶ For enterprises with operations mandatorily suspended and forbidden, business premise rent and rent for the business use of movable / immovable assets under a finance lease are reduced by 40% for the months of March and April 2020.
- ▶ This rent reduction is also applicable to all affected enterprises for the month of April 2020.
- ▶ VAT or stamp duty due shall be adjusted accordingly.

Payment of cheques

- ▶ Deadlines for the expiration, presentation and payment of cheques from financially affected enterprises issued between 30 March 2020 to 31 May 2020 have been extended to 75 days from the date of each cheque.

Practical considerations

- ▶ Check whether there are any pending refund claims eligible to benefit from this acceleration.

Practical considerations

- ▶ The meaning of “finance lease” should be clarified, as it is not clear if it also includes operating leases.

Practical considerations

- ▶ This measure may have counter-effects on cash liquidity for receiving enterprises, which may not be able to cash out cheques received on their due date.

For more information

Stephanos Mitsios

Stefanos.Mitsios@gr.ey.com

Tel: +30 210 28 86 368

Konstantina Galli

Konstantina.Galli@gr.ey.com

Tel: +30 210 28 86 355

Constantina Nicolaou

Constantina.Nicolaou@gr.ey.com

Tel: +30 210 28 86 800

Financing: Business support through provision of grants

State aid is granted to the financially affected enterprises (up to €1 billion in total) in the form of a repayable advance, which is refundable in whole or in part.

The aid is irrevocable, tax-free and cannot be offset against any debt.

Enterprises must declare their interest to participate in the repayable advance, by submitting an application accompanied with relevant supporting data through the digital platform “myBusinessSupport” up until 21 April 2020. Entities must submit their application pursuant to the conditions of the relevant Ministerial Decision issued up until 15 May 2020.

Who is eligible?

- ▶ Private enterprises of any legal form and business industry, including individual enterprises, which:
 - ▶ employ 1 to 500 employees (or, no employees in the case of general and limited partnerships and private capital companies);
 - ▶ have their legal seat or permanent establishment in Greece;
 - ▶ Their operation has been suspended or temporarily prohibited for precautionary or repressive reasons related to Covid-19, i.e. they have an active code of activity number (“ΚΑΔ”) on 20.03.2020 one of those mentioned in Annex III of the Joint Ministerial Decision, or their gross income from an active on 20.03.2020 secondary activity code number (“ΚΑΔ”) listed in Annex III is higher than the income attributed to their principal activity code number (“ΚΑΔ”), as such income derives from their initial income tax return of FY18, or their turnover is reduced, as specifically provided by the Joint Ministerial Decision,
 - ▶ They meet a set of requirements as set out in the Joint Ministerial Decision issued.

What does it cover?

- ▶ The aid will be capped at €500,000 per enterprise.
- ▶ It will be refunded to the State in whole or in part (depending on the viability of the enterprises) in the coming years, by applying an extremely low interest rate.
- ▶ The total duration of the aid is set to be five years, the first year of which will be considered as a grace period.

How is it accessed?

- ▶ Enterprises must submit with their initial application, data regarding their VAT turnover or gross income for March or the first quarter of 2020, as the case may be. For the months of April to December 2020, enterprises must submit such data by the 10th day of the following month.
- ▶ Enterprises must submit their application up until 15 May 2020 through the digital platform “myBusinessSupport”.
- ▶ Enterprises should also declare the requested grant amount, the framework under which the aid is requested (Temporary Framework or de minimis Regulation), as well as any other necessary documentation and information, as the case may be.

Practical considerations

- ▶ Enterprises will need to consider their eligibility to participate and the length of the approval process.
- ▶ Enterprises are obliged to maintain the number of employees employed on 31.03.2020 based on the data of ERGANI system up until 31.10.2020. The audit of this requirement will be conducted electronically and will refer to the average number of employees for the respective period.

For more information

Konstantina Galli

Konstantina.Galli@gr.ey.com

Tel: +30 210 28 86 355

Constantina Nicolaou

Constantina.Nicolaou@gr.ey.com

Tel: +30 210 28 86 800

Financing: Business support through provision of credit & interest subsidies

Two further measures have recently been adopted to support Greek enterprises.

The first measure is addressed to affected SMEs for which the interest due on existing loan obligations will be subsidized for a period of 3 months. Interested enterprises can submit their applications until 30.06.2020 in the designated website (www.ependyseis.gr/).

The second measure provides for the granting of special loans funded by the Hellenic Development Bank to affected enterprises with 'fast-track' procedures. Repayment of said loans will generally have to take place within a period of 2-5 years, whereas 100% of the interest charged (up to 8%) for the first two years will be subsidized. A grace period of 6-12 months (during which only interest is payable) might also be granted.

Loan interest subsidy

Who is eligible?

- ▶ SMEs duly operating in Greece - notwithstanding their legal form - are in principle eligible to apply. Importantly, in order to be eligible an enterprise should be:
 1. included in the relevant list (attached in said Decision) as per its Activity Code Number ('KAD') on 19.03.2020,
 2. considered as an SME according to the definition of Schedule I of EC Directive 651/2014,
 3. commit to maintain the same job positions (as in 19.03.2020) up until 31.12.2020.
 4. Certain other more specific conditions (listed in Ministerial Decision No 37674/2020) should also be cumulatively met, as well.

Loan grant by Hellenic Development Bank

Who is eligible?

- ▶ Enterprises affected by the COVID-19 outbreak as per their Activity Code Number ('KAD').

What does it cover?

- ▶ Interest on existing loans (e.g. business, bond or current account loans) for a period of 3 months, including the L. 128/1975 contribution.
- ▶ An enterprise can be granted total support up to 800.000€.

What does it cover?

- ▶ Loans amounting up to 50% of the annual turnover of the enterprises or up to 50% of the current year's orders are generally granted. Slightly different thresholds apply in case of start-ups. If the aforementioned numbers are not clear, the loan amount may not exceed 100% of the equity capital.
- ▶ NPLs, the L. 128/1975 contribution or interest for late payment are not covered.

Practical considerations

- ▶ Interested enterprises can submit their applications as of 15.04.2020 and up until 30.06.2020 (17:00) in the designated website (www.ependyseis.gr/mis).
- ▶ As a prerequisite, SMEs whose interest due is subsidized must maintain the all job positions (as it was on 19.03.2020) up until 31.12.2020.

Practical considerations

- ▶ Interested enterprises can submit an electronic application in www.ependyseis.gr/
- ▶ As a prerequisite, enterprises must maintain all job positions (existing on 19.03.2020 according to the ERGANI system) throughout the whole two-year period of subsidy. Compliance with said requirement shall be assessed on 31.01.2021 and 31.01.2022.

Employment support: Support measures for companies and employees

Companies may suspend the employment contracts of all or part of their personnel.

The suspension eligibility period spanned between 15 March 2020 to 20 April 2020.

Currently employers can not proceed with new suspensions of employment contracts.

During the suspension period, the employer is not obliged to pay any salary, while the suspended employees are entitled to a special state aid, in the form of a special purpose allowance of (€800) for a period of 45 days.

During the period of suspension, employees are fully covered for social security purposes by the Greek state.

Which companies are eligible to suspend employment contracts?

a) Companies whose operation has been temporarily suspended by virtue of a state decision may suspend the employment contracts for all or part of their personnel for the duration of the operational ban.

From 18 March 2020 and for the duration of the COVID-19 measures, any termination initiated by the employer is prohibited. If the employer proceeds, the termination is considered to be null and void.

b) Companies which are severely affected by the crisis, as determined by main activity code number (ΚΑΔ) or secondary activity code number, is included in the list of affected companies issued by the Ministry of Finance, may suspend the employment contracts for all or part of their personnel for a continuous period of 45 calendar days.

During this period and for a number of days equal to the suspension (45 days) after its expiration, the employer is obliged to retain the same number of employees (i.e. the same employees with the same employment terms).

Practicalities

▶ Declaration obligations

In order to make the suspended employees eligible for the state aid, the employer must submit a declaration in the online reporting system of the Greek Ministry of Employment (ERGANI platform), including all the details for the suspended employees, which should be notified to the employees within the same day of the submission.

The affected employees should then submit their respective declarations on the electronic platform for the support of employees (supportemployees.yeka.gr).

Following this process, each employee shall be eligible to receive the special purpose allowance of €800.

▶ Additional payment to suspended employees

The employers may, at their discretion, pay an additional amount (up to the employee's gross remuneration) to the employees who are beneficiaries of the special purpose allowance.

The special purpose allowance is not subject to social security contributions.

- ▶ Employees of the above companies who were terminated or had voluntarily resigned within the period from 1 March 2020 to 20 March 2020 are also eligible and shall receive the special purpose allowance of €800.

Teleworking of suspended employees

- ▶ Employers may agree with suspended employees (up to a maximum of 10% of employees) to work under a teleworking system in order to cover temporary needs of the company.
- ▶ The provision of employment must be declared in advance in ERGANI.
- ▶ This work shall be remunerated and the respective social security contributions should be paid.

For more information

Maria Rigaki

maria.rigaki@gr.ey.com

Tel: +30 210 28 86 528

Employment support: Support measures for companies and employees

Other support measures:

- ▶ Safe operation mode
- ▶ Transfer of personnel within the same group of companies
- ▶ Extension of payment of social security contributions
- ▶ Extension of the due date of Easter allowance
- ▶ Special purpose leave for parent employees

Safe operation mode

- ▶ The employer may unilaterally appoint at least 50% of the personnel to work under safe operation mode (i.e. 50% of the personnel working for at least two weeks per month). Currently, this measure may be implemented for a period of six months starting from 20 March 2020. The employer should maintain the same number of employees as employed at the start of implementation of the measure.
- ▶ The employer is obliged to declare the appointment of safe operation personnel via a special type document, on the ERGANI platform.

Transfer of personnel within the same group of companies

- ▶ Employers which are part of a group may transfer personnel from a group company, which is severely affected, to another company within the same group, to assist with the employment of the personnel.
- ▶ The employer is obliged to declare the transfer of personnel to another company within the group, via a special type document, on the ERGANI platform.

Extension of payment of social security contributions

- ▶ Affected companies whose main activity code number (ΚΑΔ) is included in the respective list of the Greek Ministry of Finance, may extend the payment of the social security contributions which were due in March and April, until 30 September 2020 and 31 October 2020 respectively.
- ▶ However, the employer should declare the respective obligations through the Analytical Periodical Declarations, within the usual deadline.

Easter allowance

- ▶ Affected companies may suspend the payment of Easter allowance to their employees, up to 30 June 2020.
- ▶ The Easter allowance for suspended personnel paid by the employer shall correspond to the actual number of working days and the remaining amount shall be covered by the Greek state.

Special purpose leave

- ▶ Employees who are parents of children enrolled in nurseries and kindergartens or attending school (elementary or junior high school) or special education school, are entitled to special purpose leave. The special purpose leave must be of a minimum duration of 4 days and may be granted continuously or intermittently. For each 4 days of leave:
 - ▶ 3 days are considered as special paid leave. The employee is entitled to full remuneration, however 1/3 of the cost shall be covered by the Greek state.
 - ▶ 1 day shall be deducted from the employee's annual leave entitlement and paid as annual leave.
- ▶ Both parents may not make use of the special purpose leave at the same time.
- ▶ The special purpose leave of the employee should be declared in total for the months March, April and May of the year 2020 by the employer on the ERGANI platform within the first 15 days of June 2020.
- ▶ The above measure applies until 10.05.2020.

Employment support: Support measures for companies and employees

New measures introduced by virtue of the Legislative Decree dated 01.05.2020:

- ▶ Extension of the suspension of employment contracts
- ▶ Permanent revocation of suspension
- ▶ Temporary revocation of suspension
- ▶ Managing the working schedule

Extension of the suspension of employment contracts

- ▶ Affected companies who have suspended the employment contracts of their personnel, may extend the suspension of a maximum of 60% of the suspended employees, for a period of thirty (30) days maximum and in any case not after 31.05.2020. In case the employer exceeds the limit of 60% he is obliged to cover the respective remuneration cost. Terminations of employment contracts by the employer are banned for the duration of the extended suspension. In addition, employers are obliged to retain the same number of job positions with the same type of employment contracts for a time period of forty five (45) days after the expiration of the suspension of employment contracts. Based on the wording of the Legislative decree also companies that are closed down are subject to said measure.

- ▶ Employees of either category, whose suspension is extended, shall be entitled to additional financial support by the state according to the duration of their suspension.
- ▶ Regarding companies whose operation was suspended by virtue of a state mandate, the suspension of their employees is extended for the duration of the ban of operation.

Permanent revocation of suspension

- ▶ The employer may permanently revoke the suspension of at least 40% of the suspended employees under the precondition that the suspension has been maintained for at least fifteen (15) days. Employees whose suspended contract has been permanently revoked, may not be imposed again under suspension status. This measure can be applied only by affected companies.
- ▶ In case of permanent revocation, employees are entitled to financial support by the state according to the duration of their suspension.

Temporary revocation of suspension

- ▶ The employer may temporarily revoke the suspension of employees in order to cover urgent needs of the company.
- ▶ This measure may be applied by both categories of companies (affected and closed companies). The employer shall pay remuneration to the employees for the duration of the revocation and, after the revocation expires, the suspension shall be continued for the remaining period. It is provided that the employer must notify the ERGANI system of the temporary revocation of the suspension prior to its actualization by using the respective document enabled through the above mentioned information system.

Managing the working schedule

- ▶ Employers may organize the working schedule of their employees in accordance with the working hours of the business.

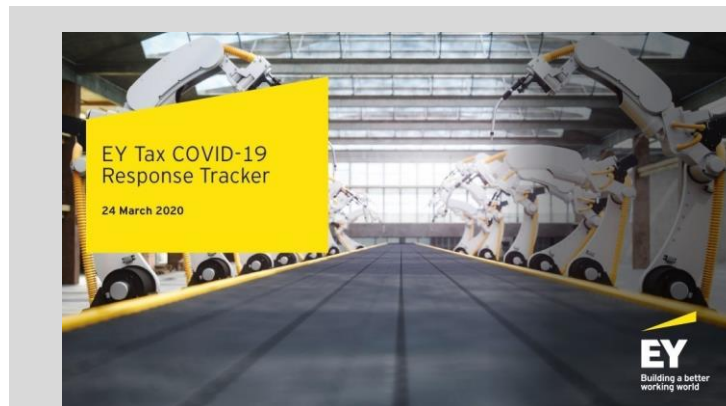
Our tracker provides a snapshot of the policy changes that have been announced in jurisdictions around the world in response to the COVID-19 crisis.

Policy changes across the globe are being proposed and implemented on a daily basis.

The document will be updated on an ongoing basis but not all entries will necessarily be up to date as the process moves forward.

Key jurisdictions covered by the Response Tracker include:

- ▶ Australia
- ▶ Austria
- ▶ Belgium
- ▶ Brazil
- ▶ Canada
- ▶ China
- ▶ Colombia
- ▶ Cyprus
- ▶ Czech Republic
- ▶ Denmark
- ▶ France
- ▶ Germany
- ▶ Greece
- ▶ Hong Kong
- ▶ Indonesia
- ▶ Italy
- ▶ Japan
- ▶ Luxembourg
- ▶ Malaysia
- ▶ New Zealand
- ▶ Norway
- ▶ Puerto Rico
- ▶ Singapore
- ▶ Slovak Republic
- ▶ Slovenia
- ▶ South Korea
- ▶ Spain
- ▶ Sweden
- ▶ Switzerland
- ▶ Taiwan
- ▶ Thailand
- ▶ Ukraine
- ▶ United Kingdom
- ▶ United States



To download the latest Response Tracker visit:

[ey.com/en_us/tax/how-covid-19-is-causing-governments-to-adopt-economic-stimulus-](https://www.ey.com/en_us/tax/how-covid-19-is-causing-governments-to-adopt-economic-stimulus-)

Contact



Stefanos Mitsios

Head of Tax

Stefanos.Mitsios@gr.ey.com

+30 (0) 210 2886368



Konstantina Galli

Associate Partner - Tax

Konstantina.Galli@gr.ey.com

+30 (0) 210 2886355



Maria Rigaki

Director - Labor Law

Maria.Rigaki@gr.ey.com

+30 (0) 210 2886528



Constantina Nicolaou

Manager - Tax

Constantina.Nicolaou@gr.ey.com

+30 (0) 210 2886800

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization please visit ey.com.

© 2020 EYGM Limited.

All Rights Reserved.

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

ey.com