

CORPORATE BRIEFING: Special Edition

Rationalization and Transparency of Prices

Legislation introduced to mitigate price increases in basic consumer goods

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A. Scope of Application of Article 38 of Law 5082/2024

1. Article 38 of Law 5082/2024¹ (**Article 38**) was introduced to combat the increased inflationary pressures of international trade prices, which led to high prices on even basic consumer goods in Greece. It aims to deal with market malfunctions pertaining to the prices of products and to reduce the initial price of consumer products before any discounts, credits or other benefits are applied (**Initial Price**). The purpose of Article 38 is to achieve a transparent operation of a competitive free market with respect to consumer rights.
2. Article 38 applies to:
 - a. hypermarket businesses engaged in retail sales of food and other products whose total annual turnover exceeds €90m based on the financial statements of the immediately preceding financial year (**Supermarkets**);

- b. businesses that supply retail trade with general cleaning products and personal hygiene products, as further specified in Ministerial Decision 6969/2024² (**Suppliers**); and
- c. businesses that produce or market fresh meat, fish, fruit and vegetables (**Fresh Food Businesses**).

B. Obligations Under Article 38 of Law 5082/2024

1. Article 38 provides that Supermarkets that have announced a price increase on products which are essential or in high demand, are not allowed to sell the products:
 - a. at a lower price (eg by way of a discount or offer);
 - b. in a package containing an additional quantity as a Gift for the consumer;
 - c. together with a different product as a Gift;
 - d. with a discount or offer provided by way of a discount coupon, gift certificate, shopping points or other reward systems (eg loyalty cards); or
 - e. following an advertisement that states or implies that the product is offered at a price advantageous to the consumer (eg using words such as 'only', 'best value', 'excellent price', 'bargain'),
for three months from the date of the price increase.
2. Article 38 also applies the same principle to products with the same or a different name or package and a

¹ Government Gazette no. 9/A/19.01.2024.

² Government Gazette no. 640/B/30.01.2024.

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different barcode, which are introduced to the market for the first time:

- a. after the withdrawal of another product of the same company with the same or similar properties; or
- b. containing 50% less or more quantity than another similar product of the same company with an increased price; or
- c. made available by a new company that collaborates with or is connected to a company that already offers consumers products in the same category;

this obligation is valid from 10 January 2024 until 31 December 2024.

3. As of 1 March 2024, Suppliers will reduce the Initial Price by an amount equal to at least 30% of the sum of credits, discounts or other benefits granted to retail sales in 2023, applied to the original price as at 31 December 2023 (**Price Reduction**); these credits, discounts or other benefits are either discounts shown on the sales invoice of the products or on credit invoices issued by the Suppliers to the retailer.
4. Fresh Food Businesses will sell their products at net prices without discounts, credits or other benefits applied to other businesses, which cumulatively exceed 3% of the sale price before discounts, credits or other benefits.

C. Powers of the Competent Authorities

1. Specific departments of the Ministry of Development are the competent authorities for establishing the violations of the obligations under B above, either on their own initiative or following a complaint (**Competent Authorities**).
2. The Competent Authorities:
 - a. have access to any information and document from any source that facilitates the inspection of any suspected violation;
 - b. can carry out an audit, even on site, which includes access to any place or means of transport used by the audited person or order audits carried out by

other public authorities, in order to confiscate any information or documents;

- c. can keep in their possession such information and documents for as long as and to the extent required for the smooth execution of the audit; and
- d. may seek the provision of factual data from any representative or staff member of the audited person, who is obliged to provide information and explanations of the facts, data or documents related to the audit; a refusal to provide this may lead to the imposition of a fine as per D.1.c. below.

D. Sanctions for Failure to Comply

1. In case of violation of any of the obligations under B above, the following sanctions are imposed cumulatively or disjunctively, depending on the gravity of the violation:
 - a. a recommendation to cease and desist the violation and comply with Article 38 within a hard deadline;
 - b. a fine of €5,000 to €2m and announcement of the name of the offender and of the fine imposed; and
 - c. a fine of €5,000 to €1m on the audited person in cases of concealment, falsification or failure to provide the requested information, or obstruction of the exercise of the audit powers of the Competent Authorities.
2. The exact amount of the fine is further calculated based on a specific mathematical formula, which also takes into account the duration of the violation and the business's profit.
3. The first time a Supplier reduces the Initial Price by an amount which is 1% or lower than the Price Reduction, a recommendation as at 1.a. above is made. If the recommendation is not complied with, the amount of the fine in 1.b. above increases by 20%.
4. The sanction under 1.c. above is equal to 1% of the company's turnover during the 2022 financial year. The fine is not imposed if the company submits the requested information within 10 days following a request from the Competent Authorities.

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Contacts



Evi Kitsou
Partner
E ekitsou@bernitsaslaw.com



Yolanda Kalogirou
Associate
E ykalogirou@bernitsaslaw.com

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