

## TAX BRIEFING: Monthly Insight

# Recent Developments in Tax Legislation

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### Decision A. 1089/2022 Amends Decision A. 1087/2021 on the Relocation of Digital Nomads to Greece

#### Decision A. 1089/2022 Amends Decision A. 1087/2021 on the Relocation of Digital Nomads to Greece

1. By way of Decision A.1089/2022 (Decision) the Independent Authority of Public Revenues (IAPR) amends its previous Decision A.1087/2021 on the relocation of free lancers and employees to Greece under the special regime of Article 5C of Law 4172/2013 (Income Tax Code – ITC).  
2. Under the Decision, in the event that:
  - a. the application; or
  - b. the respective documentation for accession to Article 5C of the ITC regime;is submitted to a non-competent Tax Office, the latter is obliged to send the filed documents to the competent authority without delay.
3. The Decision amends the time limit for the filing of the application for relocation to Greece. Should the employment or the commencement of business activity take place up to and including 2 July of each year, the application for inclusion in the provisions of Article 5C must be submitted no later than the end of that year.
4. Following its acceptance by the tax authority, the taxpayer will be considered as Greek tax resident from that year onwards. However, if the taxpayer

submits the application within the next year from the employment or the commencement of business activity, they will be considered as Greek tax resident from that year onwards and not from the year of their employment or the commencement of their business activity.

5. Should the employment or commencement of business activity take place after 2 July of the respective year, the application for inclusion in the provisions of Article 5C may be submitted by the end of the following year and the taxpayer will be considered as Greek tax resident from that following year.
6. The applicant should submit the relevant supporting documents with the application for inclusion in the provisions of Article 5C ITC. In particular:
  - a. the application must be accompanied by a solemn declaration of the taxpayer stating their intention to reside in Greece for two years from the year of being subject to the provisions of Article 5C ITC, in the absence of which it is void;
  - b. in the case of employment, a solemn declaration signed by the employer stating that the applicant is filling a new position;
  - c. in the case of a free-lancer, the taxpayer must also file a solemn declaration for the commencement of business activity in Greece.
7. In case the application is not accompanied by the relevant supporting documentation which proves that the taxpayer who transfers their tax residence to Greece was not a tax resident of Greece during the previous 5 out of the 6 years before the transfer

- of their tax residence, the applicant is immediately informed by the competent authorities that additional supporting documents are required and should be submitted within 30 days from notification.
8. The Director of the Tax Office will issue a decision approving or rejecting the application, within the period of sixty 60 days from the submission of the application. Once the application is approved, the natural person is considered a Greek tax resident, in accordance with the provisions of Article 4 of the TBR from the tax year of their accession, as defined in par. 1 of Article 4.
  9. The Director of the respective Tax Office, in their approval decision, should inform the taxpayer that after the lapse of 7 years from their accession to Article 5C ITC regime, the special tax regime will cease, and they will be taxed in accordance with the general provisions on taxation of income from employment or business activity.
  10. In case of rejection of an application due to lack of required supporting documents, the Tax Office shall revoke its rejection decision if the required documents are submitted by 31 March of the year following the submission of the application. In this case, the Tax Office reviews the application and issues a new decision within 60 days from the submission of the supporting documents.
  11. For applications submitted within 2021 and rejected due to lack of required supporting documents, the Tax Office revokes the rejection decision and reviews the relevant applications if the required supporting documentation has been submitted by 29 April 2022.
  12. The taxpayer who is already subject to the special tax regime of Article 5C, either for employment or for business activity income, may request the extension of their accession to this special regime

through a subsequent application for another category of income (employment or business activity income), provided that the subsequent application is submitted within the same year with the initial application and within the same time limits.

13. If a natural person has been subject to the special regime of Article 5C ITC for employment income, they may submit a new request for the extension of their affiliation for income obtained from a second employment relationship. In this case, if the condition of the new job is met, the new application is accepted, and the taxpayer is subject to the special regime for the remaining years until the completion of the 7 years period.
14. If a natural person has been subject to the special regime of Article 5C for income obtained from a business activity, they are not required to submit a new application in case of extension of their business activity to new business activity codes.
15. In the event that the competent Tax Office issues a decision on the application after the time limit for filing the annual income tax return, the taxpayer may submit a supplementary income tax return in order to benefit from the favourable provisions of Article 5C.
16. Pending applications for accession to the Article 5C of the ITC regime or applications submitted by 30 June 2022 relating to employment or commencement of business activity until 31 July 2021 are examined by the Tax Office and if accepted are effective from 2021.
17. Pending applications for accession to Article 5C of the ITC regime or applications submitted by 29 July 2022 relating to employment or commencement of business activity after 31 July and until 31 December 2021, are examined by the Tax Office and if accepted are effective from 2022 onwards.

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