



September, 2024

Introduction of Digital Transaction Duty - Abolition of Stamp Duty

Law No. 5135/2024 abolishes the Stamp Duty and introduces the Digital Transaction Duty into Greek tax legislation, which will be imposed on transactions and contracts from December 1, 2024, onwards.

The main features of the Digital Transaction Duty include, among others, the following:

- **Restrictive enumeration of transactions subject to the Digital Transaction Duty:** Only the transactions explicitly listed in the law will be subject to the new Duty.
- The Digital Transaction Duty **is not imposed** on transactions that fall within the scope of the provisions of the Value Added Tax Code, the Inheritance, Donation, and Parental Gift Tax Code, the real estate transfer tax, the capital concentration tax, and the special banking operations tax.
- **Abolition of the territoriality principle:** The territoriality principle ceases to apply and the Digital Transaction Duty is imposed on transactions when at least one of the transacting parties is a tax resident of Greece or has a permanent establishment in Greece, regardless of the place of conclusion and execution of the transaction.
- The Digital Transaction Duty is imposed **on loan agreements at a rate of 2.4%, with a cap of €150,000 per loan**. It is clarified that the Digital Transaction Duty is **not imposed**, among others, **on loan interest, bond loans under Law 4548/2018, and bank loans**. There is no explicit provision regulating **cash pooling schemes**; consequently, their treatment depends on the characteristics of each arrangement and the interpretation of the new provisions.

The main provisions of the Law for each transaction are summarized in the table below:

Transaction	Rate	Person liable for the declaration and payment of the Digital Transaction Duty	Taxable base
Real estate leases for commercial purposes It is not imposed: a) on leases subject to VAT and b) on residential leases.	3,60%	The lessor	The agreed rental
Loans It is imposed on: a) interest-bearing and interest-free loans, b) all types of credits equivalent to loans and credit cards, c) conversion of the outstanding debt arising from a loan agreement (including principal and interest) into a new loan, provided that the original loan was not subject	2,40% provided that the contracting parties are individual entrepreneurs, or at least one of the contracting parties is a legal entity established in Greece or abroad. 3,60%	The borrower of the loan If the borrower is a foreign tax resident without a permanent establishment in Greece, the lender becomes liable.	On the amount of the loan principal, even in the case where it exceeds the initially agreed amount. Specifically, in the case of converting the outstanding debt arising from the loan agreement into a new loan, it is imposed on the total amount of the debt that is converted into the new loan.

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<p>to a Digital Transaction Duty or had been exempt from it.</p> <p>It is not imposed on a) bond loans under Law 4548/2018, b) loans of financial institutions, payment institutions, or electronic money institutions, c) when the borrower is a legal entity and loan payments are made to its foreign permanent establishment in connection with the activities of that establishment.</p>	in any other case		<p>A cap of one hundred fifty thousand (150,000) euros per loan is introduced.</p> <p>It is not imposed on loan interest.</p>
<p>Current deposit/withdrawal loan accounts</p> <p>It is imposed on current deposit / withdrawal loan accounts that are not held with a credit institution or a foreign bank.</p>	<p>2,40% or 3,60%</p> <p>depending on the parties involved</p>	The counterparty whose accounts reflect a credit balance.	<p>On the highest debit or credit balance for each tax year, after deducting the debit or credit balance carried forward from the previous year.</p> <p>Interest is not taken into consideration.</p> <p>A cap of one hundred fifty thousand (150,000) euros per tax year is introduced.</p>
<p>Deposits and withdrawals</p> <p>It is imposed on deposits and withdrawals to and from legal persons or legal entities conducted by partners, shareholders, or other persons, if they do not refer to a special agreement, excluding profit withdrawals.</p>	<p>1,20%</p> <p>for capital companies or partnerships that were established in Greece or abroad,</p> <p>3,60%</p> <p>In any other case</p>	The legal person or entity whose funds are subject to deposits or withdrawals.	On the amount of the deposit or withdrawal.
<p>Sale of movable property</p> <p>It is imposed on sales of movable property or intangible goods that are not subject to VAT.</p>	<p>2,40%</p> <p>for the sale of floating means and vessels or when at least one contracting party is a legal entity</p> <p>3,60%</p> <p>In any other case</p>	The seller of the movable property.	The consideration agreed.
<p>Transfer of business</p> <p>It is imposed (a) on the transfer of a business as</p>	2,40%	The transferor, unless otherwise agreed by the contracting parties.	On the consideration agreed or the net equity of the transferred business,

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going concern for consideration and (b) on the transfer for consideration of passenger cars, provided they are independently used for the operation of a business transporting persons or goods.			whichever is higher.
Distribution of inheritance, legacy, and common property	<p>2,40%</p> <p>provided that the distributed common property includes movable assets and</p> <p>3,60%</p> <p>In any other case</p>	The duty is borne by the transacting parties, while the notary is responsible for declaring and remitting the Digital Transaction Duty to the Tax Administration.	On the value of movable property or foreign real estate, or on the distributed auction proceeds.
Settlement agreement	<p>2,40% or 3,60%</p> <p>depending on the parties involved</p>	The debtor of the settled claim.	On the agreed amount.
Compensations	<p>3,60%</p>	The beneficiary of the compensation.	On the amount of the compensation paid.
<p>It is imposed on all types of compensation paid for any reason, including those awarded by a court decision</p> <p>It is not imposed on insurance compensation and compensation payments for work-related accidents or due to the termination of the employment relationship.</p>			
Fees	<p>1,20%</p> <p>for the remuneration of board members of SAs (Sociétés Anonymes), managers of LLCs (Limited Liability Companies) and PCs (Private Companies), general partners, cooperatives, associations, clubs.</p> <p>3,60%</p> <p>In any other case</p>	The payer of the fee.	On the amount of the due fee, without deducting any withheld tax amount.
Default interest and statutory interest	<p>3,60%</p>	The recipient of the interest.	On the amount of the paid interest.
It is imposed on default			

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interest and interest awarded by court decisions or arising from enforcement orders.			
Bank cheques It is imposed on checks submitted to financial institutions for collection, pledging, or safekeeping.	3 %	The bearer of the check is the liable party, while the financial institution is responsible for submitting its declaration and remitting.	On the total value of the checks recorded in the check register.
Other contracts subject to Digital Transaction Duty <ul style="list-style-type: none"> the abstract promise or acknowledgment of debt debt relief assignment of a claim and assumption of debt, which is done without consideration consignment 	2,40% or 3,60% depending on the parties involved	The liable and responsible person is the one making the promise, or acknowledging the debt, the one benefiting from the debt relief, the one assigning the claim, or assuming the debt, or the custodian, respectively.	On the transaction value.

For transactions with the State or general government, the counterparty is always burdened with the Digital Transaction Duty. Below we summarize the applicable rate per transaction.

Transaction	Rate
Leases of real estate with the State or a general government entity as the lessor or lessee.	3,60%
Compensations from or to the State and general government entities	3,60%
Subsidies, financial aids, grants from the State or general government entities It is not imposed, among others, on subsidies, grants, and aids within the framework of the Public Investment Program or investment and development programs funded by the State or the European Union.	3,60%
Transactions conducted at land registry offices It is imposed on property leases with a duration exceeding nine (9) years, or registrations of mortgages or conversions of pre-notations into mortgages. It is not imposed on mortgage registration, pre-notation conversion to secure collection of debts to the Tax Administration and social security funds, as well as to secure loans from financial institutions, or bond loans under Law 4548/2018.	1,20% 3,60%
Remunerations for participation in Councils and Committees	1,20%

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Other observations:

- The Digital Transaction Duty is imposed on ancillary agreements drawn up to secure the main contract, as well as on penalty clauses, unless the main contract is exempt or outside the scope, or a Digital Transaction Duty corresponding to it has been already paid. Additionally, any amount paid as a Digital Transaction Duty for the main contract is deducted from the payable amount.
- While the law clearly identifies the party liable to declare and remit the Digital Transaction Duty, it also explicitly allows the transacting parties to mutually decide how to allocate this expense without affecting the transaction's value.
- Whenever one of the parties involved in a transaction is a foreigner without a permanent establishment in Greece, the Greek contracting party assumes liability.
- Exemptions from stamp duty will continue to apply and will now also be regarded as exemptions from the Digital Transaction Duty, even if not explicitly stated by law.
- Although the new Digital Transaction Duty will apply to contracts, and transactions conducted or executed starting December 1, 2024, the P.D. of July 28, 1931, concerning stamp duties will be repealed as of January 1, 2025.
- Special consideration should be given to the transitional provisions, as the Digital Transaction Duty might, under specific conditions, apply to transactions concluded prior to its enforcement. This includes agreements concluded abroad after the law's publication or renewals of contracts initially entered before the law became effective.
- By decision of the Governor of the Independent Authority for Public Revenue, the process and method for declaring, remitting, and refunding the Digital Transaction Duty are anticipated to be clarified.

Let's talk!

For a more in-depth discussion on the above, please contact:



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