

Greece increases gift tax-exempt bracket from October 1, 2021

New rules apply as from 1.10.2021 increasing the tax-exempt bracket for parental gifts, as well as gifts between close relatives (spouses, parents, children and grandchildren) to Euro 800,000, instead of the previously applicable threshold of Euro 150,000 for assets excluding cash. The same exemption applies for gifts in cash, which until now have been subject to a 10% tax, without any tax-exempt bracket.

To be noted that, until today, inheritance and gift taxation have both been assessed on the basis of uniform tax brackets. Following introduction of the new rules, gifts become subject to lighter taxation, compared to inheritance, given that the inheritance tax exempt bracket of Euro 150,000 remains unchanged.

The new rules apply with respect to gifts performed as from 1.10.2021, whereas the value of any gifts that have taken place prior to that date is disregarded for purposes of calculating the Euro 800,000 tax-exempt bracket. What renders the new provision even more favorable compared to the previous regime is that any such gifts up to the amount of Euro 800,000 are not

taken into account, when applying inheritance tax brackets for the remaining estate.

Changes in question may reduce the tax leakage with respect to parental or close relative gifts of any type of asset performed by Greek tax residents, as well as gifts of real estate or other assets situated in Greece, performed by non-Greek tax residents. The new rules, combined with the anticipated increase of real estate statutory values as from 1.1.2022, are expected to accelerate gift transactions over the next months.

Potential tax benefits deriving from the new rules are depicted below, by way of example.

Example 1

Gift of real estate property of a Euro 900,000 statutory value, from a parent to a child (all amounts in Euro)

Value of gift per bracket	Total value gifted	Gift tax	
		Until 30.9.2021	After 1.10.2021
150,000	150,000	0	0
150,000	300,000	1,500	0
300,000	600,000	15,000	0
300,000	900,000	30,000	10,000
Total		46,500	10,000
Tax saving 36,500			



Example 2:

Gift in cash of Euro 1,000,000 from a parent to a child (all amounts in Euro)

Value of gift per bracket	Total value gifted	Gift tax	
		Until 30.9.2021	After 1.10.2021
800,000	800,000	80,000	0
200,000	1,000,000	20,000	20,000
Total		100,000	20,000
Tax saving 80,000			

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