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## BUSINESS ENVIRONMENT

### THE CONSUMER

#### Consumer Profile

Greece has a population of 10.5 million inhabitants, decreasing at a -0.34% rate. Greece median age is 46.4 years and 14.5% of the population is under 14 years old, 10.3% of the population is between 15 and 24 years old, 39.6% of the population is between 25 and 54 years, 13.1% of the population is between 55 and 64 years old and 22.4% of the population is 65 years old or over. There are 95 male every 100 women (Data Reportal and CIA, 2022).

The average household size is 2.4 people, 27% of households only count 1 person, 50% of households count 2 or 3 people, 21% of households count 4 or 5 people, and 1% of households count 6 people or more (UN, latest data available). 80.4% of the people are living in cities, with an annual rate of urbanisation of 0.11%. The major urban areas are Athens with 3.154 million people living there (capital), and Thessaloniki with 814,000 inhabitants (CIA, 2022).

12% of the population works in agriculture, 15% of the population works in industry and 73% of the population works in services (World Bank, latest data available).

In Greece, 76% of adults aged 25-64 have completed upper secondary education, less than the OECD average of 79%. This is more correct for women than men, as 75% of men have successfully completed high school, compared with 78% of women. In terms of the quality of the education system, the average student scored 453 in reading literacy, math and science in the OECD's Program for International Student Assessment (PISA). This score is lower than the OECD average of 488. On average in Greece, girls outperformed boys by 18 points, much more than the average OECD gap of 5 points (OECD).

According to the Institute for Gender Equality, which evaluates gender equality in European countries according to various criteria (work, health, violence, etc.), Greece is the last country with only 52.5 points out of 100.

#### Purchasing Power

Greece's GDP - per capita (PPP) is estimated at USD 27,948.6 (World Bank, 2020). The average household net-adjusted disposable income per capita is USD 20,791 a year, lower than the OECD average of USD 30.490 a year (OECD, latest data available).

There is a considerable gap between the richest and poorest, with the top 20% of the population earning more than six times as much as the bottom 20% (OECD). The gender cap - intended as the difference in average gross hourly wage between men and women - is also a relevant issue to take into consideration, although the Bank of Greece estimated that among the group of low-paid workers the wage differential between men and women is slightly smaller than the average wage differential. The Gini index in Greece is 33.1 (World Bank), at the 55th world spot.

#### Consumer Behaviour

Since the economic recession and the Covid-19 pandemic, Greek consumers have radically changed their spending habits and have become extremely price-conscious. Already, an increasing number of Greeks were opting for online shopping, as online retail offers them the possibility to compare a wide range of products at a lower cost. This trend accelerated during the pandemic. In 2021, the Greek e-commerce market grew by 20% (ecommerceDB). Online shopping aside, credit card use is in constant decline and credit cards are issued more sparingly. Consumers are increasingly looking for local products. Local soft drinks and juices with new flavors intrigue Greeks; they also tend to abandon imported spirits and turn to bulk wine and local alcoholic drinks.

Consumers are increasingly looking to extend the life of products, which they currently own through repairs, rather than purchasing new ones (clothing, cars, shoes, appliances, etc.). In the context of the pandemic and then the war in Ukraine, consumers confidence recently followed a downside trend. The health and wellness trend in Greece has been thriving over the last few years, positively affecting consumption patterns in packaged food and beverages. In addition, the high protein trend has gained momentum in the country and became one of the most demanded product groups in the country.

Among the services offered via collaborative platforms, the ones presenting the highest frequency of use among users relate to accommodations (for example renting an apartment) and transport.

### **Consumer Recourse to Credit**

Greek consumers who enjoyed easy access to bank loans at low interest rates upon their country's accession to the Eurozone have reduced the use of loans and credit cards altogether since the economic recession. According to data published by the Hellenic Bank Association, in the second quarter of 2019 the use of credit and debit cards in Greece grew by 12.8%. At the beginning of 2020, the country's four main banks had to proceed with the cancelation and immediate replacement of around 15,000 credit and debit cards that were used in transactions with a Greek online tourist services website after reports of credit card fraud.

The level of non-performing loans fell sharply to below 10%.

### **Growing Sectors**

Tourism, transport, and high-tech/telecommunications, personal care appliances for male, dietary supplements are growing sectors.

## **IMPORTING & DISTRIBUTING**

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### **Import Procedures**

For goods of a value under EUR 1,000, a verbal declaration at Customs and presenting the invoice, is sufficient. For higher values, you must deposit the following documents at the Customs office:

1. a brief declaration (air or sea transport) to register goods.
2. a common law declaration (SAD, [single administrative document](#)), as well as the accompanying documents to allow their clearance.

The SAD form can be obtained from a Chamber of Commerce or an approved printer. A computerised Customs clearance platform (SOFI: International freight computer system) can be accessed in Customs offices or in some Chambers of Commerce.

If deliveries and purchases are made within the European Community, the declaration of exchange of goods (DEB) or Intrastat declaration must be sent to the Customs service.

As part of the 'SAFE' standards advocated by the World Customs Organisation (WCO), the European Union has set up a new system of import controls, the 'Import Control System' (ICS), which aims to secure the flow of goods at the time of their entry into the customs territory of the EU. This control system, part of the Community Programme eCustoms, has been in effect since 1 January 2011. Since then, operators are required to pass an Entry Summary Declaration (ENS) - which contains advance cargo information about consignments entering the EU - to the customs of the country of entry, prior to the introduction of goods into the customs territory of the European Union. The EU recently introduced a new import control system called ICS2 to implement the EU customs pre-arrival security and safety programme.

Since 1 July 2009, all companies established outside of the EU are required to have an [Economic Operator Registration and Identification \(EORI\)](#) number if they wish to lodge a customs declaration or an Entry/Exit Summary declaration.

For more information, please visit the website of the [EU Customs Union](#).

### **Specific Import Procedures**

Pursuant to rules that apply to intra-European trade, some goods are prohibited or subject to particular formalities (medicines for human use, waste, plants or live animals). For further information, click [here](#). Greece has maintained a de facto ban on genetically modified (GM) products. Moreover, the EU regulation framework implies specific procedures regarding the import of several products, notably agricultural and fisheries production.

### **Distribution channels**

According to Euromonitor, Greeks remain highly sensitive to price and tend to opt for proximity to save money. According to IELKA, the Greek Institute of Retail Consumer Goods, the economic crisis has brought a change in the dietary patterns of the Greeks, who are ordering out less and eating at home more. These shifts in consumer behaviour translated to changes in grocery store layouts, as packaged snacks and cold drinks became more easily available, while stores also increased their ready-to-eat food options. Greek consumers' limited purchasing ability forced them to cut down food spending. Food products in the market are becoming more diversified. Consumers are more open to diverse products, creating opportunities for new and foreign products.

Supermarkets are by far the largest modern grocery retail format in Greece but they are facing increased competition from the growing number of discounter outlets (Euromonitor). The market size of the supermarkets and grocery stores industry has declined 0.1% per year on average in value between 2017 and 2022. The sector's revenues grew by 1.3% in 2022, reaching EUR 14.2 billion (IBISWorld).

Traditional grocery retailers represent a substantial proportion of grocery sales in Greece, although they are facing competition from modern grocery retailers, which can use their size and scale to offer bigger discounts and better promotional offers. Another trend is favouring more frequent visits to retail outlets with a smaller average spend per visit in local stores, prompting a shift towards convenience stores and smaller supermarkets. However, during the Covid-19 pandemic, more consumers did less frequent, but larger, shopping trips in order to minimise their risk of contagion (Euromonitor).

Furthermore, demand for premium-quality food and drink is expected to keep growing in 2022, together with the number of shops offering Greek, organic and/or gourmet products.

### **Distribution market players**

Sklavenitis and Vassilopoulos remained the leading players during 2021, accounting for close to half of the retail current value sales of all supermarkets (Euromonitor). The top five grocers, in terms of turnover, accounted for around EUR 7.9 billion in total, or approximately 75% of the grocery sector in 2020. The Greek supermarkets chain Sklavenitis continued to dominate the market with a turnover of EUR 3.15 billion and 31% market shares in 2020 (KPMG). Sklavenitis operates with the Sklavenitis and Chalkiadakis brands in supermarkets, and has an estimated half a million Greeks visiting its outlets each day. The second player is Koninklijke Ahold Delhaize NV's Alfa-Beta Vassilopoulos, with 19.9% market shares in 2020 (KPMG). Metro SA's My Market and Diamantis

Masoutis SA's Masoutis had retail value shares of 13.1% and 8.7% respectively in 2020 (KPMG).

Greece has a highly fragmented market when it comes to independent traditional grocery retailers and small chains with a regional presence. Venetis, which increased his number of outlets, continued to lead the fragmented traditional grocery retailers channel in 2019, followed by Max Perry Chocolate.

## Retail Sector Organisations

Federation of Greek Food Industry

Hellenic Retail Business Association

## OPERATING A BUSINESS

### Type of companies

#### Eteria Periorismenis Efthynis (EPE): Private Limited Company

**Number of partners:** Minimum of 1 partner and 1 director.

**Capital (max/min):** Minimum 4,500 EUR totally released up to this amount.

**Shareholders and liability:** Liability is limited to the amount contributed.

#### Anonymos Eteria (AE): Limited Company

**Number of partners:** Minimum of 1 partner and 3 executives.

**Capital (max/min):** Minimum 60,000 EUR totally released up to this amount.

**Shareholders and liability:** Liability is limited to the amount contributed.

#### Omorithmos Eteria (OE): General Partnership

**Number of partners:** Minimum of two partners.

**Capital (max/min):** No minimum capital.

**Shareholders and liability:** Partners' liability is joint and unlimited.

#### Eterorithmos Eteria (EE): Limited Partnership

**Number of partners:** Minimum of two partners.

**Capital (max/min):** No minimum capital.

**Shareholders and liability:** Liability is unlimited for at least one active partner. Liability of sleeping partners is limited to the amount contributed.

#### New Private Limited Company (IKE)

**Capital (max/min):** No minimum capital.

Setting Up a Company	Greece	OECD
Procedures (number)	3.0	5.2
Time (days)	4.0	9.5

Source: Doing Business - Latest available data.

## Cost of Labour

### Minimum Wage

EUR 713 per month as of 1 May 2022 (source: Greek government)

### Average Wage

Average gross monthly earnings of full-time employees: EUR 17,099 per year (source: OECD, 2020).

### Social Contributions

Social Security Contributions Paid By Employers: 22.54%, with a monthly cap fixed at EUR 6,500.

Social Security Contributions Paid By Employees: 14.12% with a monthly cap fixed at 6,500 EUR .

## Intellectual Property

### National Organisations

[Hellenic Copyright Organisation \(OPI\)](#)

### Regional Organisations

For the protection of patents: the [European Patent Office \(EPO\)](#). To control trademarks, designs and models: the European Union Intellectual Property Office (EUIPO).

### International Membership

[Member of the WIPO](#) (World Intellectual Property Organization)

[Signatory to the Paris Convention](#) For the Protection of Intellectual Property

[Membership to the TRIPS agreement](#) - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

## TAX RATES

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### Consumption Taxes

#### Nature of the Tax

Value-added Tax (VAT)

#### Tax Rate

24%

#### Reduced Tax Rate

A reduced VAT rate of 13% applies to hotel accommodation services; food services supplied by restaurants, grills, taverns, coffee shops, cafeterias, patisseries and other related businesses; provision of services for boarding schools, structures for disabled persons and structures providing accommodation to people with mental disabilities, mental disorders and use of drugs; oil types; meat and fish preparations; sugars and sugar confectionery; cocoa and cocoa preparations; miscellaneous edible preparations based on cereal, flour, starch or milk; preparations of vegetables, fruit, nuts, and fruit and vegetable juices; coffee, tea, preparations based on these products and coffee substitutes; pastes, preparations for sauces and soups, preparations for soups and broths, ice creams, vinegar and salt.

Temporary reduction to 13% (until 30 June 2023): non-alcoholic beverages, without the addition of alcohol in any proportion and gaseous water; transportation of persons and their luggage; imported art objects, associations or antiquities and objects of artistic value when delivered by their creator or his successors; zoo tickets; services from gyms; services from dance schools and provided that they are not exempt.

A super-reduced 6% rate applies to books; newspapers; magazines; residues and waste of industrial foodstuffs and animal feed, excluding dog or cat food; electronic publications of visual and audiobooks, except for publications intended solely or primarily for advertising purposes and publications consisting entirely or exclusively of video or audio music content; the supply of electricity and gas, as well as district sales. Until 30 June 2023, the super-reduced rate also applies to theatre, concert, and cinema tickets; protective masks and gloves, antiseptic products, wipes and relevant products, soap and other products used for personal hygiene purposes, ethyl alcohol, if used as raw material for the production of antiseptics; defibrillators; dialysis, hemofiltration, hemodiafiltration and plasmapheresis filters, and hemodialysis, hemofiltration, hemofiltration and plasmapheresis.

The islands of Lesbos, Chios, Samos, Kos and Leros - affected by the refugee crisis - benefit from a 30% reduction of the standard VAT rates.

## **Other Consumption Taxes**

Excise duties are imposed on energy and electricity products (i.e. petrol, natural gas, and electricity), manufactured tobacco, alcoholic products, and coffee.

An inheritance tax of 1% to 10% is levied for close relatives and 0% to 40% for heirs on the tax value of real property.

Real property tax is also levied depending on the characteristics of the property and the total objective value of all the taxpayer's properties.

Stamp duty is levied on certain transactions at 3.6%, 2.4%, or 1.2%.

A luxury tax is imposed on owners of swimming pools and cars with engine capacity higher than 1,929 cc.

## **Corporate Taxes**

### **Company Tax**

22%

### **Tax Rate For Foreign Companies**

A firm is deemed resident if it is registered or its effective centre of management is in Greece, as well as if its registered seat is in Greece. Resident companies are taxed on their worldwide income, whereas non-resident companies are only taxed on their Greek-sourced income.

### **Capital Gains Taxation**

Capital gains are taxed as normal corporate income at the standard rate of 22%. Capital gains derived from the sale of shares in an EU subsidiary are tax-exempt in case the participation is greater than 10% and has been held for a minimum of 24 months.

## **Main Allowable Deductions and Tax Credits**

In general, all ordinary business expenses and expenses made for scientific and technological research are deductible. The Income Tax Code includes a list of non-deductible expenses. The new code does not mention the deductibility of donations to charities, in contrast to the previous version. Consequently, Greek tax authorities have to review each donation case individually to determine if it qualifies for tax deduction, similar to goodwill provisions. Expenses linked to corporate social responsibility actions can be deducted in the year they were incurred if the company's accounting result is profitable.

Certain bad debt provisions and write-offs are deductible. According to the Greek Accounting Standards (Law 4308/2014), start-up expenses are tax-deductible within the year that they have been incurred if they do not fall within a category of assets (including tangibles and intangibles - conditions apply).

Royalties, interest, and service fees paid to foreign affiliates are deductible expenses under certain conditions. Interest deductibility is subject to restrictions.

Net operating losses can be carried forward up to five years to offset company benefits, whereas the carryback of losses is not permitted.

## **Other Corporate Taxes**

A 0.5% capital duty on share capital increases and other special tax regimes (for shipping companies, real estate investment companies, mutual funds and coordination centres) are imposed in Greece. A 0.1% surcharge for the benefit of the competition committee applies on the contribution of capital to a public limited company.

A real estate ownership tax (ENFIA) is levied annually on property located in Greece, consisting of a main tax calculated according to the characteristics of the property and an additional tax calculated at a rate of 0.55% on the total tax value of all of the company's property (moreover, property occupied by the company is subject to a 0.1% additional tax). For companies, there also is an annual special tax of 15% of the tax value of the property (certain exemptions apply).

Real estate transfer tax (RETT) is imposed on the value of transferred property at a flat rate of 3.09% (including the municipality surcharge). Such tax is not imposed if VAT is due on the purchase of new buildings.

Stamp duty may be imposed on certain transactions, with rates varying between 1.2%, 2.4%, or 3.6%.

Social security contributions are due on salary and benefits in cash or in kind granted by an employer to its employees. For the primary social security fund (EFKA), social security contributions are withheld at 13.87% at the level of the employee and at 22.29% at the level of the employer (capped at EUR 6,500/month).

Furthermore, employers are liable to submit payroll withholding taxes on monthly salary payments under a Pay-As-You-Earn system (PAYE).

## **Other Domestic Resources**

[Directorate General for Taxation of the Hellenic Ministry of Finance](#)

## **Double Taxation Treaties**

### **Countries With Whom a Double Taxation Treaty Have Been Signed**

[List of the double taxation treaties signed by Greece](#)

## **Withholding Taxes**

Dividends: 0% (if the dividend distribution falls under the purview of the EU directive on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States); 5% (dividends received on or after 1 January 2020)

Interest: 15%,

Royalties: 0% (resident corporations)/20% (individuals and non-resident corporations)

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