Greece

1. Securities law

1.1 **Offer of securities:** Although the offer of securities to the public generally requires the publication of a prospectus, there is an exemption from that requirement where securities are only offered to employees of the issuer or a group company. The existing security legislation will continue to apply until the Prospectus Directive is implemented in Greek law, which should have happened by 1 July 2005 but is expected to occur by early 2006.

1.2 **Regulatory issues:** There are no regulatory issues which affect the offering of securities to employees.

1.3 **Disclosure:** There are no relevant requirements.

2. Exchange controls

There are no applicable exchange controls. Payments must be made through a commercial bank in Greece (which is obliged to keep records of foreign exchange transactions).

3. Financial assistance

3.1 **Greek company:** Greek companies are generally prohibited from providing financial assistance to acquire their own shares. The prohibition extends to loans made by group companies. A Greek company is generally prohibited from acquiring its own shares or shares in its parent, but can acquire up to 10% of its own shares for an employee share plan.

3.2 **Greek subsidiary of non-Greek company:** There is no prohibition on the provision of financial assistance by a Greek company to allow its employees to acquire shares in a non-Greek parent company.

4. Taxation of share acquisitions

4.1 Employee tax and social security contributions

4.1.1 **Tax:** An employee who acquires shares in his employing company or its parent company free of charge or at a discount to market value is likely to be liable to pay income tax. The tax charge would be on the difference between the market value of the shares at the time of acquisition and the amount, if any, paid for the shares.

For the 2005 tax year income tax rates range from 15% to 40%.

4.1.2 **Social security contributions:** An employee will be subject to social security contributions on the amount subject to income tax in respect of the acquisition of shares at a rate of 16% for the 2005 tax year.

4.2 Employer tax and social security contributions

4.2.1 **Corporate tax deduction:** If a parent company recharges the cost of providing shares to its Greek employing subsidiary under a written recharge agreement, the recharged amount should be accounted for as a salary cost and in principle should be deductible by the subsidiary in Greece. However, the recharged amount may constitute a taxable benefit for the employees.

4.2.2 **Social security contributions:** A Greek employer must pay social security contributions on the amount subject to income tax at a rate of 28.06% for the 2005 tax year.

4.3 Tax withholding

Income tax (at a rate of 20% for the 2005 tax year) and social security contributions must be withheld by the employer.

5. Taxation of share options

5.1 Employee tax and social security contributions

5.1.1 **Grant:** There is no tax or social security charge on the grant of a share option.

5.1.2 **Exercise:** There is an income tax charge on the exercise of a share option on the difference between the market value of the shares at the date of exercise and the option exercise price. Income tax will be charged at progressive rates which for the 2005 tax year range from between 15% and 40%.

5.1.3 **Social security contributions:** An employee will be subject to social security contributions on the amount subject to income tax in respect of the exercise of the option at a rate of 16% for the 2005 tax year.

5.2 Employer tax and social security contributions

5.2.1 **Corporate tax deduction:** If a parent company recharges the cost of providing shares to its Greek employing subsidiary under a written recharge agreement, the recharged amount should be accounted for as a salary cost and in principle should be deductible by the subsidiary in Greece. However, the recharged amount may constitute a taxable benefit for the employees.

5.2.2 **Social security contributions:** A Greek employer must pay social security contributions on the amount subject to income tax at a rate of 28.06% for the 2005 tax year.

5.3 Tax withholding

Income tax (at a rate of 20% for the 2005 tax year) and social security contributions must be withheld by the employer.

6. Taxation of share disposals

An employee will be subject to capital gains tax at the rate of 0.6% on the disposal of shares in a non-Greek quoted company. The tax will be charged on the difference between the sale proceeds and any amount on which the employee has already paid income tax.

7. Employee benefit trusts

7.1 A Greek employee who is a beneficiary of a discretionary employee benefit trust will not be taxable for that reason alone but he may be taxed on the receipt of benefits from the trust.

7.2 Employee benefit trusts are not recognised under Greek law and a tax deduction will not be available for contributions made to a trust, for example to allow the trust to purchase shares in the market.

8. Data protection

Employee consent must be obtained for the collection, processing and world-wide transfer of personal data in connection with an employee share plan.

9. Employment law

Please refer to paragraph 4 on pages 4-5 of this guide. This explains the employment law issues which are generally applicable to a greater or lesser degree in all the countries covered by this guide. There is a risk that employees may claim a right to continued participation in an employee share plan or that rights under a plan may be included in compensation on termination. Companies should seek specific advice on these issues and other employment law issues which may be applicable.