

Is Family office Set up in Greece a trend for non-Doms?



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By the law 4778/2021 the concept of family offices was introduced in Greece. The gross income from the services provided by the special purpose family offices (EDOP), which are compulsorily collected through bank transfers, is determined by adding a percentage of profit to the total of all their expenses plus depreciation, excluding income tax (cost plus profit margin method). The profit rate has been set at seven percent (7%).

The purpose of family offices is to provide support to individuals and their family members (Greek tax residents) for the administration and management of their own property and their investments either directly or indirectly through legal persons or legal entities, regardless of the country, where the assets are located. Commercial activity is prohibited.

More specifically those special purpose companies known as family offices can have the following activities:

- ❖ services related to the personal and social life of family members, as public relationship services, security escort, guards, cooks, housekeepers, teachers and babysitters, drivers, technicians, gardeners, cleaning, supply of goods and charity project management
- ❖ administrative support services, namely secretarial support, management of human resources working on behalf of the individuals and its family members, accounting, management of bank accounts, technical support for their real estate property, assets' management and maintenance as well as the planning of business trips
- ❖ financial management services, such as investment management and wealth management
- ❖ strategic planning services, namely business consultancy, strategic real estate planning, succession planning and educational planning
- ❖ consulting services namely tax advice, legal services, engineering services, medical services, risk management advice and cyber security services.

These companies can take any type of legal form, such as Societe Anonyme, Private Capital Company, Limited Liability Company, personal entities etc. other than a non-profit organization.

The main condition for their establishment is that the interested persons are individuals with tax residence in Greece (Non-Doms included), while the same condition must be met for the rest of their family members.

Moreover, another important condition is that family offices should employ at least 5 people in our country - within 12 months of its establishment and henceforth - as well as incur operational costs in Greece of at least 1.000.000 euros per year. Close family members cannot be employed by the family office.

It should be noted here that Individuals who transferred their tax residency under the non-dom regimes based on the written provisions of the articles 5A, 5B and 5C of the Greek Income Tax Code can also establish a family office in Greece.

Internal transactions or (services) provided between the family office and the individuals who participate therein (members) are outside the scope of Greek VAT.

In establishing or even relocating a family office, several factors should be considered: Tax and other incentives, taxation of the family office team, taxation of the family office, the choice of the type of legal entity, transfer pricing issues, costs to implement, cost of life. Other than tax and other legal issues, qualitative factors must also be considered, such as political and economic stability, ease of travel, access to European union countries, ease of hiring educated staff and quality of life.

Please feel free to address your request to our tax team at tax@privelpartners.gr

