



# *COVID-19* Labor, Social Security & Tax Alerts

*April 2020*

***COVID-19***

**Labor, Social Security & Tax Alerts**

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## **COVID-19**

### **LABOR, SOCIAL SECURITY & TAX ALERTS**

#### **❖ LABOR & SOCIAL SECURITY ALERTS**

The following measures apply to the below mentioned categories pursuant to Ministerial Decision 13031/Δ1.4551/2020 (Government Gazette B' 994/23-3-2020), as corrected and in force, Ministerial Decision 12997/231/2020 (Government Gazette B' 993/23-3-2020), Ministerial Decision Δ.15/Δ'/οικ. 13226/325 (Government Gazette B'1044/26.03.2020), Joint Ministerial Decision 12998/232/2020 (Government Gazette B'1078/28.03.2020) and 30<sup>th</sup>.03.2020 Legislative Act (Government Gazette A'75):

#### **I. Measures for businesses whose operation has been suspended, as designated by Activity Code Number (ACN), by an administrative order**

##### ***A. General issues***

- i) Suspension of contracts of employment is a cause of force majeure. Employees are not obligated to provide their work and employers have no obligation to pay any salary;
- ii) Employees are entitled to the special purpose compensation of EUR 800;
- iii) Suspension of contracts of employment may last as long as the prohibition of operation of business by an administrative order is in force.

##### ***B. Unpaid leave agreements***

Unpaid leave agreements concluded between employees and the above mentioned employers are automatically waived by the publication of the Joint Ministerial Decision 12998/232/2020 (Government Gazette B'1078/28.03.2020 (i.e. from 28.03.2020).

##### ***C. Fixed-term contracts of employment***

Fixed-term contracts of employment are automatically suspended for as long as the prohibition of operation of business may last. After the end of suspension, they continue to be in force for the agreed remaining time.



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***D. Termination of contracts of employment***

Termination of any contract of employment, including those which have been made after 18.03.2020, shall be void.

***E. Deduction of rent***

Employees of the aforementioned businesses are also entitled to a reduction of rental of 40%.

***F. Solemn declaration – Deadline of submission***

Details with regards to the solemn declaration for the suspension of employment contracts are provided in Ministerial Decision 13031/Δ1.4551/2020 (Government Gazette B' 994/23-3-2020), as corrected and in force, and in Ministerial Decision 12997/231/2020 (Government Gazette B' 993/23-3-2020).

❖ ***Employers***

Employers should declare to "ERGANI":

- a) the suspension of their businesses;
- b) details of their tenancy agreement;
- c) the names of their employees whose contract of employment is suspended; and
- d) the names of employees whose contract of employment has been terminated either by resignation or by dismissal within the period from 01.03.2020 to 20.03.2020.

Such solemn declaration shall be made in writing, using a standard form provided in "ERGANI" and shall then be communicated electronically to the employees on the same day of its submission by the employer. It should be submitted to "ERGANI" within the time period from 24.03.2020 to 31.03.2020 (extended to 10.04.2020).

❖ ***Employees***

Employees shall submit their relevant solemn declaration electronically through the provided platform on [supportemployees.yeka.gr](https://supportemployees.yeka.gr), which will be open for submission as from 01.04.2020 to 10.04.2020 based on the employee's TAX ID number.

**II. Measures for businesses which have been materially affected, by reference to ACN of main activity or secondary activity pursuant to gross revenue of 2018, as designated by Ministry of Finance**

***A. Suspension of employment contracts***

- i) The measure of suspension of employment contract can be implemented gradually by a

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unilateral decision from 21.03.2020 to 20.04.2020;

ii) Contracts of employment, of a part or all of the personnel, may be suspended from 21.03.2020 and for forty-five (45) days continuously from that date;

iii) Any fixed-term contracts of employment in force until 21.03.2020 may also be suspended. In the latter case, after the completion of the period of suspension, such contracts shall continue to be in force until its remaining agreed time;

iv) Measures of suspension of employment contract may be combined with the measures of security personnel and/or transfer of personnel to another company within the same group, i.e. employers may suspend part of their personnel contracts of employment and implement to the rest of their employees the measures of security personnel or/and transfer of personnel;

v) Employees whose contract of employment has been suspended shall receive the special purpose compensation of EUR 800, which covers a period of forty-five (45) days.

### ***B. Termination of employment contracts***

Termination of employment contracts, except of contracts of employees who leave voluntarily or retire or those whose fixed-term contract of employment ends, shall be void.

### ***C. Preservation of the same number of employees***

Employers shall have the obligation to maintain the number of work positions of their businesses, i.e. the same employees in the same positions and under the same terms of employment, for forty-five (45) days after the end of suspension period.

### ***D. Suspension & Remote work***

Employees of the aforementioned employers who work remotely from their home are not entitled to the special purpose compensation.

Exceptionally, and for the purposes of meeting temporary needs, employers may agree with their employees whose contract of employment is suspended, and up to a maximum 10% of contracts under suspension, to work remotely from their home. In this case, the employer shall submit the special form for remote work provided to “ERGANI” prior to commencement of this work and employees shall be remunerated by the employer proportionally, on the basis of their gross salary. The amount of remuneration paid for this remote work may be as high as the remuneration for their legally provided work, minus the amount of the special purpose compensation. Penalties under Article 24 of Law 3996/2011, as in force, shall be imposed to employers who make use of the above mentioned possibility and do not submit the special form to “ERGANI”.

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### ***E. Voluntary compensation***

In case an employee's contract is suspended (and thus the employee receives the special purpose compensation of EUR 800) it is possible for the employer to subsidize the loss and supplement in favor of the employee the remaining (after deduction of the special purpose compensation) amount of his salary. In this case an APS is submitted and the social security contributions corresponding to the additional amount shall be paid by the employer.

### ***F. Solemn declaration – Deadline of submission***

#### ***❖ Employers***

Employers should declare to "ERGANI":

- a) that they are severely affected;
- b) the names of their employees whose contract of employment is suspended; and
- c) the names of employees whose contract of employment has been terminated either by resignation or by dismissal within the period from 01.03.2020 to 20.03.2020.

Such solemn declaration shall be made in writing, using a standard form provided in "ERGANI" and shall then be communicated electronically to the **employees on the same day of its submission** by the employer. It can be submitted to "ERGANI" from 24.03.2020 to 20.04.2020.

#### ***❖ Employees***

Employees shall submit their relevant solemn declaration electronically through the provided platform on [supportemployees.yeka.gr](http://supportemployees.yeka.gr) from 01.04.2020 to 30.04.2020 regardless their TAX ID number and in any case, after being notified for the suspension of their contract of employment.

### ***G. Suspension of payment of debts***

Businesses/employers not making use of the possibility to suspend contracts of employment, still qualify for the beneficial provisions on suspension of payment of debts to the Greek State. In case however of (partial or total) suspension of employment contracts, the business should refrain from termination of employment contracts and should maintain the same number of jobs after completion of the suspension, otherwise the benefits shall be lifted and debts shall be subject to initial interest and surcharges.



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### III. Measures relating to both of the above categories

- ❖ **Analytical Periodical Statement (APS):** Employers shall submit APS for all employees whose contract of employment is suspended. APS for the months of February and March 2020 must be submitted within the regular time-limits. Any late submission of the above APS is subject to surcharges.
- ❖ **Declaration to “ERGANI”:** In case the employers proceed to the suspension of employment contracts and do not file the relevant statements (indicatively declaration to “ERGANI” of suspension of employment), then such employers shall not be entitled to the beneficial provisions on suspension of payment of debts, installments etc. to the State.
- ❖ **Social Security Contributions:** The current social security contributions (both employee’s and employer’s share of contribution) for the months of February and March 2020, regarding the period until the date of prohibition of operation of business by an administrative order or until the suspension of the contracts of employment pursuant to paragraph (a) of subpar. 2A of Article 11 of 20<sup>th</sup>.03.2020 Legislative Act (Government Gazette A’ 68) which are due on 31.03.2020 and 30.04.2020, may be paid until 30.09.2020 and 31.10.2020 respectively, without any interest or any other surcharges due to late payment, provided APS were filled timely as mentioned above.
- ❖ **Suspension of payment:** A three-month extension of the deadline for the payment of installments of employers’ active settlements, which are due on 31.03.2020, as well as of all subsequent monthly installments of each settlement, is provided for. Likewise, the deadline for the payment of any kind of employees’ active settlements to the social security funds is suspended for three-months, without any interest or surcharge.
- ❖ **Special purpose compensation:** In case the employees work for more than one employer whose business have been suspended by an administrative order or has been severely affected, must opt solely for one employer in order to be entitled to the special purpose compensation.
- ❖ **Insurance coverage:** Employees are provided with full insurance coverage calculated on their nominal salary for a period of 45 days (covered by the State).
- ❖ **Easter Bonus:** Possibility of deferral of the payment of Easter bonus which is due on April 15th until the summer, and in any event not later than 30.06.2020. In the event that the duration of the employment relationship, until the date of commencement of its suspension, does not cover the whole period from 01.01.2020 to 30.04.2020, the Easter bonus shall be paid reduced, taking into account for its calculation the duration of the employment relationship until the date of suspension. The amount of the Easter bonus corresponding to the period of suspension of the employment relationship is paid by the

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State. In the two latter cases, the amount of Easter bonus is calculated on the basis of the wages or salary paid on the day before the date of suspension of employment relationship.

#### **IV. Measures for employees whose contract of employment has been terminated either by resignation or dismissal within the period from 01.03.2020 to 20.03.2020 and who were employed by businesses whose operation has been suspended by an administrative order or are materially affected**

Employees whose contract of employment has been terminated within the twenty (20) first days of March are entitled to the special purpose compensation of EUR 800, even if they are beneficiaries of unemployment benefit.

The aforementioned employees are not entitled to the special purpose compensation in case they are employed by another employer.

#### **V. Measures for self-employed persons in areas of expertise**

Finally, in relation to all self-employed persons belonging to areas of expertise (i.e economists and accountants, engineers, lawyers, doctors, educators and researchers) it has been provided for in Legislative Act of 30.03.2020 that:

- i) the payment of their social security contributions for the months of February and March 2020 is extended;
- ii) installments of any active settlements due between March 2020 and May 31<sup>st</sup>, 2020 shall be “frozen”; and
- iii) a 25% deduction of the current social security contributions for the months of February and March 2020 if such contributions are paid within the regular time-limit.

Also, it has been announced by the Government that the above may be entitled to special subsidized training and support programs regarding the adaption to new digital data, instead of the special purpose compensation of EUR 800. Moreover, payment of their social security contributions of February and March 2020 may be made in four monthly installments, beginning on September 1<sup>st</sup>, 2020 while payment of the installments of any active settlements may commence on June 1<sup>st</sup>, 2020. However, the issuance of the relevant Ministerial Decision specifying the above is awaited.





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### ❖ TAX ALERTS

The Greek Government, by means of Legislative Act dated 30.03.2020 (Government Gazette A' 75) endorsed, *inter alia*, several additional tax measures, in the general context of addressing the COVID-19 pandemic financial impact.

In particular, the new tax measures taken are as follows:

#### **I. Discount in payment of assessed tax debts (VAT excluded)**

Up to date, with the first Legislative Act and its implementing legislation, the deadline for payment of VAT and assessed tax debts and debt arrangement/payment facility installments due from 11.03.2020 until 30.04.2020, was extended to 31.08.2020 without interest and surcharges, for businesses affected by COVID-19 pandemic as determined by the Ministry of Finance. The same facility was provided to employees the employment contract of which is under suspension either due to cease of business operation by state mandate or on employer's/business's own initiative.

By the new Legislative Act it is further provided that in case that the aforementioned businesses/employees do not wish to make use of the extension but opt to proceed to payment of installments of assessed debts towards the Tax Administration within the timeframe originally set i.e. from 30.03.2020 until 30.04.2020, a 25% discount is granted. The same discount applies with respect to payment of installments in the context of a debt arrangement/payment facility scheme. According to Ministerial Decision A. 1068/2020, the deadline for timely payment of debts/installments which expire on 30.03.2020 and on 31.03.2020 and which fall within the 25% discount regime is extended until 10.04.2020.

VAT and withholding tax debts which have not been subject to a debt arrangement/payment facility scheme, as well as debts related to state aid recovery and liabilities in favor of a foreign Government are explicitly excluded from the scope of the provision. The Ministry of Finance by way of a press release further clarified that the payment of VAT due for the period from 30.03.2020 until 30.04.2020 in two installments (an option provided by law), as long as the debt has not been placed under a debt arrangement or payment facility scheme, does not qualify for the 25% discount.





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### **II. Financing of businesses through a “refundable advance payment” scheme**

In the context of the Framework issued on March 19, 2020 by the European Commission on the basis of article 107(3)(b) of the Treaty of Functioning of the European Union to support the economy in the context of COVID-19 outbreak, the Greek Government has adopted a financing framework of businesses through a “refundable advance payment” state-aid scheme, subject to approval from the European Commission.

As per relevant announcements, the scheme will be implemented via the TAXIS system and will have an extended repayment schedule and grace period, depending on certain criteria (such as the fall in turnover and salary and non-salary personnel costs of the affected businesses). The companies concerned should subscribe to the special electronic platform of AADE (myBusinessSupport) from April 2<sup>nd</sup> to April 10<sup>th</sup>, 2020 and are bound by a non-dismissal clause.

The aid shall be exempt from tax and seizure and cannot be off-set against any type of debt.

The details of the scheme shall be further specified by the Government by means of a joint Ministerial Decision.

### **III. Extension and suspension of several deadlines falling within the scope of the Tax Procedure Code**

- ❖ The notification of provisional/final corrective tax audit assessment acts and fines falling within the scope of the Tax Procedure Code (indicatively: income tax, VAT etc.) is suspended until 30.04.2020.
- ❖ The statute of limitation of the Greek Tax Administration with respect to issuance of tax assessment acts and fines if lapses from 30.03.2020 until 31.05.2020 is extended until 31.07.2020.
- ❖ The imposition of safeguarding measures of the Greek State’s interests according to article 46 paras 5 and 6 of the Tax Procedure Code (i.e. non-granting of documents necessary for transfer of assets, freezing of bank accounts etc.) is suspended for as long as the measure of temporary suspension of the operation of the Greek Courts is in force (currently up to and including 10.04.2020).

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- ❖ The deadline for submission of views/objections by the taxpayer to the Tax Administration in relation to a provisional corrective tax audit assessment act is suspended until 31.05.2020. The same applies with respect to the deadlines for provision of information and documentation by the taxpayer to the Tax Administration following relevant request in the context of a tax audit.
- ❖ The deadline for filing of a quasi-judicial appeal and/or petition for suspension of payment to the Dispute Resolution Directorate (*DED as per its Greek initials*) if it expires from 11.03.2020 until 31.05.2020 is suspended for a period of sixty (60) days.
- ❖ The deadlines provided for the issuance of a decision by DED on pending quasi-judicial appeals and petitions for suspension of payment which expire within the period from 20.03.2020 until 31.05.2020, as long as no decision has not been issued by DED until 20.03.2020, are extended for a period of sixty (60) days. To our understanding, this is the correct reading of the relevant provision, although the text is not as clear.

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*The present contains general information only and is not intended to provide specific professional advice or services.*

*If you need further assistance or information with regard to the above please contact:*

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