

Greece

Charity formation and legal framework

Greek law recognizes the following forms of non-profit entities:

(a) *Union of persons*: A union of persons is formed when at least two individuals agree to pursue a lawful common purpose. It may not acquire legal personality. It can serve an ongoing charitable purpose or support a one-time event. A group in the process of forming an association, which has not been registered, would constitute a union of persons.

(b) *Association*: An association is a non-profit entity formed by at least 20 natural or legal persons. It must be registered in the Association Register maintained at the Court of First Instance of the Association's seat. Registration occurs after the formation of the association is approved by court decision.

Greek charitable associations must be formed for the purpose of "...providing material and moral support to individuals or groups of persons who are temporarily or permanently in a state of need". Greek charitable associations may be specially recognized or not. To receive special recognition status, an association must apply to its local prefecture, the authority's decision being published in the Government Gazette. Only specially recognized charitable associations are eligible to seek funding from public sources or to be licensed to conduct fundraising programs or charitable lotteries and raffles. The budget of recognized associations is subject to approval by the local prefecture.

(c) *Foundation*: Under Greek law, a foundation is created by a disposition of assets under a deed of establishment, which can be made either *inter vivos* or by a bequest under a will, *causa mortem*.

If created *inter vivos*, a foundation must be established by a notarial deed. A foundation created by a bequest is established pursuant to provisions regarding testamentary dispositions set forth in the Civil Code. The deed of establishment must state the purpose of the foundation and the assets being dedicated thereto.

Establishment of a foundation requires approval by the ministry overseeing its area of social concern and issuance of a Presidential Decree published in the Government Gazette.

(d) *Committee for fundraising*: This entity can be formed for any type of fundraising effort from which the proceeds will be applied to a specific charitable or public purpose. To formalize the establishment of a committee for fundraising, at least five natural or legal persons must sign a written deed of establishment declaring their intention to establish the group. A committee for fundraising acquires legal personality upon publication of a Presidential Decree stating, among others, the fundraising method and the committee's intended duration.

(e) *Civil code company*: This is an agreement of two or more persons to pursue a common purpose and to support that purpose with their own mutual contributions. A civil code company pursuing an economic object acquires legal personality by complying with the publicity requirements set forth for commercial partnerships.

Forms of Giving – Donations

As far as giving is concerned, under Greek law a donor can fulfill philanthropic intention in Greece mainly through donations, legacies and the establishment of a foundation serving a philanthropic purpose.

In Greece there are legal restrictions in place, as far as testamentary disposition is concerned, which seek to provide for family and dependants through forced heirship laws, meaning that a part of the donor's assets is, in principle, reserved to certain heirs, reducing thus the pool of available assets that a donor might choose to leave to a charitable cause in a legacy.

Greek law also provides for cultural sponsorship in cash or in kind to the State, legal persons of public law, legal persons of the wider public sector and non profit legal persons of private law for the promotion of cultural activities (“Cultural Sponsorship”).

Tax Donor Reliefs

Gifts/donations to certain institutions which are specifically mentioned in the law are deducted from the taxable income at 20% of their total amount. These institutions include:

- (a) the State, regional & local government institutions, the Church and other religious institutions, universities, public and municipal hospitals and private hospitals receiving benefits from the State budget, the Archeological Fund;
- (b) public benefit foundations, non-profit associations pursuing educational purposes and providing scholarships, legal persons of public law, legal persons of private law pursuing public benefit purposes and research centres pursuing public benefit purposes; and
- (c) legal persons of private law pursuing cultural purposes which are recognized by Joint Decision of the Ministers of Finance and Culture.

Only contributions made in the form of cash are deductible with the exception of donations of medical equipment/ambulances made to qualifying hospitals.

The amounts of gifts/donations are deductible only if their aggregate sum exceeds €100. With the exception of gifts made to the institutions under (a) above, cash gifts in excess of €300 annually, are deductible only if they are deposited directly to a bank account of the beneficiary especially opened for this purpose with the Deposits and Loans Fund or with a bank legally operating in Greece.

The total amount of gifts/donations may not exceed 10% of the total taxable income.

The above are also applicable for gifts/donations to respective institutions and legal persons established in Member-States of the European Union and EFTA /EEA countries. Donations/gifts mentioned above may be deposited in banks, established in the country of donor's residence.

Cultural Sponsorships are deductible in full provided that they do not exceed 10% of the donor's total taxable income.

Taxation issues

Donations/legacies to the following institutions are exempt from donation tax:

- (a) State and State accounts; and
- (b) foreign persons on the condition of reciprocity provided that such exemption is stipulated in international treaties.

From an income tax point of view, Greek non-profit legal persons are subject to taxation only on their net real property rental income and net income from securities, whether generated in Greece or abroad. The rest of their income as well as any other revenues made in pursuing their purposes are not subject to income tax.

From a real estate tax point of view, non-profit legal persons pursuing proven public benefit, religious, charitable and educational purposes, as well as foundations of public benefit, are subject to favorable treatment (lower tax rates). The aforementioned apply with regard to foreign legal and natural persons on the condition of reciprocity.

On the basis of special laws, additional tax exemptions are granted from time to time in favour of specific Greek non-profit legal persons.

Cross-border giving

Under Greek law there is no distinction from a tax point of view between donations and legacies to foreign charities. In both cases, the beneficiary is exempted from donation/ inheritance tax, provided that the condition of reciprocity is fulfilled. In order to benefit of the above tax exemption foreign non profit legal persons may be required by the competent Greek tax authority to provide official documents issued by the competent authorities of their country of origin evidencing their purposes and the existence of reciprocal treatment. However, the donation/legacy is not tax deductible as far as the donor is concerned with the exception of donations/legacies to institutions established in the EU/EEA countries mentioned above under "Tax Donor Reliefs". Making the donation to a domestic charitable institution qualifying for tax deductibility and conducting activities abroad, would be an alternate solution.

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Philanthropy Impact: www.philanthropy-impact.org

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