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PAYROLL & EMPLOYMENT GUIDE- GREECE

Law on Payroll Fees

Each year, the Greek government (in collaboration with the syndicate unions) announces special wage tables for each working position. These tables - which take into account factors such as the employees' prior working experience, marital status, and certified knowledge - estimate the minimum legal salary that should be paid by the employers. Any amount over the lowest legal one can be agreed upon between the employer and the employee. Due to the financial crisis, a significant number of collective agreements have been frozen or not renewed. The general non-salary related rules of those not renewed or terminated continue to apply, but the ones concerning salary compensation do not. The National General Collective Agreement is the one that states the minimum salary that all employers must abide to.

Throughout the year, 12 salaries are calculated, one for each month. In addition, three more benefits are provided: during the Christmas period (paid until December 21st and in value almost equal to a monthly salary), during the Easter period (payable until Holy Wednesday and in value equal to half a salary) and an additional benefit given when the employee is on his/her annual paid leave (financially equal to half a salary as well). All salaries and benefits are subject to social insurance and tax deductions.

Social Insurance Foundation

All salaries are subject to social insurance deductions.

There are numerous social insurance foundations; each one responsible for a different working specialty. Every employer and employee needs to be registered in the equivalent social insurance foundation according to the employer's activities and the employee's working position.

The most common Social Insurance Foundation is IKA (Social Insurance Foundation). Its deductions are calculated on the gross salaries as follows:

Employee	16%
Employer	25.06%

The above percentages apply when both pension and health deductions are covered by IKA.

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In cases when extra social insurance deductions are required (e.g., such as TEAYEK -social insurance foundation regarding employees working in stores) the above percentages differ as follows.

EFKA (IKA)	
Employee	16%
Employer	25.06%

EFKA (TAPIT-TEAYEK)	
Employee (employee before 1993)	0.4%
Employer (employee before 1993)	0.4%
Employee (employee after 1993)	4%
Employer (employee after 1993)	0%
EFKA (TSMEDE)	
Employee	20%
Employer	25,06%

All percentages are calculated on the gross salary with a pre-set limit of deductions. All percentages are indeed calculated on the gross salary as long as the salary doesn't exceed the amount of **€6,500.00** per month.

In case of a salary of €7,000.00 per month, for example, the social insurance deductions will be calculated on the ceiling amount of **€6,500.00**.

The employer is obligated to pay all calculated social insurance deductions to the respective foundation at the end of the following month for the one at hand. In case of delinquency, the payable amount is surcharged with a percentage of 3% for the first month and a percentage of 1% for every additional month.

In addition, the employer is also obliged to submit a statement with the employees' complete personal, working and financial data at the end of the following month for the trimester at hand. In case of not meeting the deadline, the employer is fined with a percentage of 10% for the first month of delay and a percentage of 30% for every additional month of delay. All percentages are calculated on the trimester's total social insurance deductions.

Tax Deductions

Employees' salaries are subject to tax deductions. The percentage used to calculate the tax deduction varies according to the employee's estimated annual income.

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Employee's Tax Income

Annual income in €	Tax percentage %
0- 20,000	22
20,0001- 30,000	29
30,0001- 40,000	37
over 40,000	45

Employee's Solidarity tax

Annual income in €	Tax percentage %
0- 12,000	0
12,0001- 20,000	2.20
20,0001- 30,000	5
30,0001- 40,000	6.50
40,0001- 65,000	7.50
65,0001- 220,000	9
over 220,000	10

Every second month, the employer is obligated to pay the amount of taxes withheld from the employees' salaries until that time, by submitting the appropriate statement. Furthermore, the employer has to submit an annual statement with the total financial data of the year.

Employment Procedure

For an employment relationship to be established, the employer has to be legally registered in the appropriate Social Insurance Foundation. Once this is done, a hiring document is completed with the employee's personal information including full name, IRS No., education level etc. and job information (such as working position and employer data). Both employer and employee sign the document, which must be submitted to the authorities at the same day or before the first day of employment, but never later.

Besides the hiring documents, an employment agreement document must also be concluded and signed by both parties. The agreement's content can vary. Typically, the agreement states the nature of the employee's position, the way he/she will be paid, the agreed working hours as well as the period of employment. The period of employment could be infinite or defined between a time-period of one month to a year. In addition, the working hours can be agreed on as long as they don't exceed eight hours per day and 40 hours per week.

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After each hire, the employer has to submit a personnel chart containing the new employee's working and personal data on the same day of the hiring. This chart is submitted to the relevant authority. The same personnel chart is also submitted once every year with all the employees' data.

Overtimes

A new circular 40090/Δ1 14024 has been adopted by the authorities of the Labor Insurance Organization regarding the overworking and the overtime hours.

From the 1st of September 2018, the announcement of the overworking and overtime hours before the commencement is a requirement. Until the amendment, it was mandatory to submit to the Labor office only the overtime hours of the month until the 15th of the following month. The overworking hours (5 hours in total per week) were not subject to announcement to the authorities.

The related form E8 should be submitted to the authorities (website of ERGANI-SEPENET) before the employees start overwork or overtime hours. A submitted form of E8 with a Protocol number could be modified if there is a last minute change of the working schedule before the commencement of it.

The submission date of the E8 form will be considered the date and the time of the successful electronic registration to the Labor with an automatic delivery to the sender of a unique protocol number.

If the deadline for the submission of E8 form has elapsed, an electronic submission will not be possible and submission can only be done in hard copy. However in this case a penalty fee could be calculated.

Fixed-term contract

A fixed-term contract cannot exceed 3 years in total or 3 renewals. After these specific conditions ends the contract automatically converts into an indefinite duration one.

Holidays: During the first calendar year of employment, the employee is entitled to proportionate holiday time. In a five-day employment schedule, the holiday time is calculated as twenty days of holiday for the year of employment, rounding up the result for shorter periods.

During the second calendar year: Once twelve months of employment are completed, holiday time increases by one day. Therefore, by the end of the second calendar year, the employee is entitled to 21 days of holiday, assuming a five-day employment schedule.

During the third calendar year the employee is entitled to receive the full holiday time at any time of the year, even on 1st of January. Once 24 months of employment are completed, the employee is entitled to receive 22 days of holiday, assuming a five-day employment schedule.

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For employees that have been working for more than 12 years (or for more than 10 years for the same employer), holiday time is calculated on a basis of 25 days. Once 25 years of service are completed, an extra day of holiday is added, and the employee is entitled to receive 26 days.

Sickness leave: Sickness should be evidenced by a certificate from a doctor. If the employee has been working for up to 4 years, he/she can be absent due to sickness for up to 1 month; for a working time of up to 10 years, the absence can last up to 3 months; for working time of up to 15 years, the absence can last up to 4 months and for a working time over 15 years, the absence can last up to 6 months. Violation of the above time limits may be considered as a tacit rescission of the contract. The employee can claim half of his pay for the first three days and full pay for 15 days for the first year in employment or 30 days for any year thereafter, less the amount which the employee received from his social security provider.

Maternity leave: Female employees are entitled to 17 weeks of maternity leave which is broken down into 8 weeks (56 days) before the expected date of childbirth and 9 weeks (63 days) thereafter. A working mother is entitled (for a period of 30 months as of the end of maternity leave) to either come to work 1 hour later or depart 1 hour earlier each day. Alternatively, she can agree with the employer to work for 2 hours less per day for the first 12 months and 1 hour less for the next 6 months. Alternatively, and subject to the consent of the employer, she can receive approximately 3 months (105 days) continuous paid leave. New mothers that are insured with the Social Security Fund may also obtain a special leave for the protection of the child which is paid by the said Fund. The mother also has the right to a six months leave after the end of the 63 days. During that time her compensation and insurance are only covered by the state. A new mother cannot be terminated for at least 18 months after she has given birth.

Parental leave: New fathers are entitled to 2 days special paid leave for each child. They can also make use of the reduced working schedule of the mothers if the latter do not make use of it.

Voting leave: The voting leave for national employees depends on the distance needed to travel to reach the town where the voter is registered. The voting leave is paid.

Parental leave or leave for visiting the child's school: Up to four days per calendar year. The specific leave is paid and the parent should provide to the employer a signed document from the school. Parental leave is granted for children from 4 to 18 years old.

Unpaid leave: This type of leave can be provided only with an agreement between the employee and the employer.

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Payroll Calculation Procedure

Each month, the employees' working days are counted in order for the payroll to be calculated. Then, all Social Insurance and Tax deductions are calculated. After the payroll procedure is completed, there are several obligatory reports that must be printed.

- Payroll Chart – A list of all the employees and their calculated payrolls.
- Social Insurance Funds chart
- Payslip

Termination of Employment

When an indefinite duration agreement is signed between the employer and the employee, the employer has the right to terminate the employment at any time. The employee is notified of the dismissal and an Employment Termination document is signed by both parties. The document must be submitted to the competent authority within four calendar days. In case of an employment termination, the employer is obliged to pay the employee a compensation fee, unless the employment period is less than a year. In case of a defined duration agreement, the employer does not have the right to end the employment. The only way to lay off the employee is by compensating for the full agreed salaries up to the end of the agreed time of employment.

Notice periods for indefinite contracts

For the first 12 months, an (open-ended) employment contract can be terminated without notice or severance pay. Thereafter, the minimum notice periods are:

- One to two years of employment: one month.
- Two to five years of employment: two months
- Five to ten years of employment: three months
- Over ten years of employment: four months

When an employee is terminated without a notice, he/she is entitled to full indemnity compensation.

Special cases - categories that are protected by the law against termination:

- Employees who are on leave.
- Pregnant women, during their pregnancy and for one year after the birth.
- Drug addicts participating in a treatment program.

When a defined duration agreement comes to an end, the employee is obliged to leave without any additional compensation. If the defined duration agreement comes to an end and the employer

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wishes to keep the employee, then the agreement is automatically altered to one of infinite duration of employment.

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