National Report Greece

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I. Introduction

Any discussion on the topic of EU Taxes must at least touch upon two main issues: the first one is the *willingness* of the EU Member States to introduce an EU Tax and the second one is the *feasibility* of the introduction of such an EU Tax. The first one is clearly a policy issue and it relates to the EU's own resources discussion. The second one is a purely legal issue and it relates with the current state of development of EC law and the possibilities (or opportunities) the EC Treaty provides for the establishment of an EU Tax. This report will briefly touch upon both issues from a Greek law perspective, where possible.

As far as the policy issue is concerned, no one denies that the EU needs significant financial resources. There are three alternatives: (i) the current system consisting of a mix of truly own resources and Member State contributions may be continued, (ii) a purely contributory (by the Member State) system or (iii) a system based on fiscal own resources[1]. Each of the systems has different consequences: a contributions system makes the EU dependent on Members States whereas a "fiscal own-resources" systems creates a certain level of independence for the EU; the larger the fiscal own resources are, the larger the independence of the EU with regard to its Member States will become. Creating larger fiscal own resources for the EU will be the next major breakthrough that will transform the European Union from a mere loose "Union of States" to a solid group of "United States". The issue is therefore moving from being a simple policy issue to a highly sensitive political issue where major difficulties lie.

As has been clearly shown from the history of direct tax rules in the EU, Member States are either absolutely negative about transferring or are very reluctant to transfer direct tax competence to the Community and this is likely to continue to be so.[2]

Given the political difficulties in agreeing on the introduction of an EU tax, the examination of possible legal bases that are to be found within the existing legal framework resembles the quest for signs of life on a corpse. This exercise, however, no matter how futile it may *prima facie* seem should be attempted, if only to demonstrate possible ways forward.

The issue of the existence or introduction of a true European tax should not only be connected with the discussion of Community own resources. The two may be closely linked; however, the existence and increase of Community own resources does not necessarily entail the introduction of a European Tax. Furthermore, the introduction of a European Tax (that, of course, would be used

1 See Report from the Commission "Financing the European Union", COM (2004) 505 final, Volume 1, pp. 8 et seq.

2 See, in particular, the reaction of the UK and the position of the Irish Commissioner regarding the direct taxes co-ordination proposals of the European Commission in Tom O' Shea, Tax Harmonization vs. Tax Coordination in Europe: different views, *Tax Notes Int'l*, May 21, 2007, p. 811.

to finance the Union) cannot be based only on the need for Community own resources but it should rather be decided on the basis of the desired level of European Integration.

II. General Considerations

Although Community own resources do exist, a true European tax does not really exist.[3] Genuine Community own resources were introduced ever since the very beginning of the financing of the Community budget and they consisted of the customs duties and the agricultural levies. In the course of the development of the Community and the need for more funds, the financing system became all the more complex and nowadays it is based on three main sources: the genuine own resources (customs duties and agricultural levies), a percentage of the VAT returns and the Member States' contributions (based on their GNI/GNP).

The current own resources of the Community can hardly be characterized as EU taxes since they are wholly administered by the national tax governments and only subsequently transmitted to the EU. On the other hand, a genuine European tax would have to be imposed uniformly on a Community level by a Community tax authority.[4]

In this first part the existing taxing competencies of the European Community will be examined in relation to the possibility of them providing a legal basis for the introduction of an EU tax (section I). Then, the interdependencies between an EU Tax and the national tax systems will be discussed (section II).

1. Taxing Competencies within the legal framework of the European Community

1.1. The Commission's report "Financing the European Union"

The Commission's report has not been discussed in Greece and there has been no formal policy announced regarding the introduction of an EU tax. This silence must not, however, be interpreted as a negative position. Given the fact that all recent Governments have been pro-European, it seems that Greece would probably not oppose the introduction of an EU tax.

In this connection, it is worth mentioning that it has already been pointed out by Greek scholars that by signing the Accession Convention[5] Greece has already recognized a limited taxing power to the Community by limiting at the same time the national tax sovereignty.[6]

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3 Terra/Wattel, *European Tax Law,* 4th edition (2005) p. 4.

4 The only existing European tax that has these characteristics is the payroll tax on the salaries of the EC civil servants.

5 The Accession Convention was ratified by Law No. 945/1979.

6 See Anastopoulos/Fortsakis, *Forologiko dikaio (Tax Law)*, 2nd edition (2003) p. 37.

1.2. The notion of tax in Community Law

According to settled case law of the ECJ, the nature of a tax, duty or charge must be determined under Community law according to the objective characteristics by which it is levied, irrespective of its classification under national law. This is repeated in a number of decisions of the ECJ, a few of which will be presented below.

In the field of capital duties and the related Directive 69/335/EC, the ECJ held that the charges levied on companies upon formation or transformation for the benefit of the Greek Lawyers' Fund and the Athens Lawyers' Welfare Fund are to be characterized as taxes levied contrary to the Directive.[7] In assessing the nature of the charges the ECJ did not take into account the domestic characterization of those charges but it rather focused on their main characteristics as they appeared based on the relevant domestic legislation.

In the field of social security legislation the ECJ has also followed the same course of thinking. The French case C-169/98 was about a charge levied on persons and used for the specific purpose of financing social security. The French Government maintained that this charge was a tax and not a social security contribution and that it therefore fell out of the scope of Community legislation on social security. The Court held that this argument of the French Government cannot be accepted since "*the fact that a levy is categorized as a tax under national legislation does not mean that, as regards Regulation No 1408/71, that same levy cannot be regarded as falling within the scope of that regulation and caught by the prohibition against overlapping legislation*".[8]

It is apparent that the Community legal order is a separate legal order that is above the domestic legal orders of the individual Member States and that is characterized by a certain degree of autonomy with respect to the latter.

1.3. Legal basis for the introduction of an EU tax within the existing legal framework

According to the subsidiarity principle, the Community may only act on the basis of the competencies that have been clearly granted to it by the Member States. The Greek Constitution provides for the procedure to be followed in order for such a

7 ECJ 19 March 2002, C-426/98, *Commission v. Hellenic Republic* [2002] ECR I-2793, para. 23. See also ECJ 11 November 1999, C-350/98, *Henkel Hellas* [1999] ECR I-8013, para. 20. The ECJ also refers to the decision of 13 February 1996, Joined Cases C-197/94 and C-252/94, *Bautiaa and Société française maritime* [1996] ECR I-505, para. 39; and decision of 27 October 1997, C-4/97 *Nonwoven* [1997], ECR I-6469 para. 19. See also the earlier decisions of 27 November 1985 in case 295/84, *Rousseau Wilmot* [1985] ECR 3759 and of 31 March 1992 in case C-200/90, *Dansk Denkavit and Poulsen Trading* [1992] ECR I-2217.

8 ECJ 15 February 2000, C-169/98, *Commission v. French Republic* [2000], ECR I-1049, para. 32.

transfer of competence to be effected. Since taxation is an issue that has a rigid constitutional framework, any transfer of competence in this field must be accompanied by a set of provisions guaranteeing at least the level of protection already guaranteed under the national constitution.

In our view, the theory of implied powers is not suitable to be used in order to provide a legal basis for the enactment of an EU tax. The theory of implied powers may be suitable to promote negative harmonization or even a limited level of positive harmonization but the enactment of actual European tax legislation would need a crystal clear legal basis (and would presuppose a corresponding crystal clear political consensus).

1.4. No taxation without representation

The problem that arises in the Community context is the problem of the principle of legality; we find it very difficult for the European countries to grant the power to enact tax legislation to any body other than a lawfully elected parliament. In this respect, the parliament could be either the European Parliament or the individual parliaments of each Member State, which according to their Constitutional provisions would have to give their consent to any tax (therefore, also to any European tax) at least annually.[9] The democratic deficit identified in the current way the EU functions puts major obstacles in the way of the possible introduction of an EU tax.

The Greek Constitution traditionally strongly stresses out the necessity of representation. Art. 78 of the Constitution contains severe procedural provisions, which prohibit in principle the delegation of legislative power in tax matters to bodies and to state organs other than the directly elected parliament. The provisions of Art. 78 (1) and (4) prohibit any legislative delegation on the main elements of a tax (including custom duties), namely the tax subject, the tax object, the revenue, the type of assets, the expense and the transactions affected by the tax, the tax rate, the tax exemptions. The Greek courts have several times held as non-constitutional law provisions delegating such legislative matters to the administrative bodies, to the Government or the President of the Republic.[10] It is clear that, legislative activity of the sole Greek Government on the grounds of parliamentary delegation being strongly prohibited, such activity would be even more problematic if the Greek Government acts as a legislator together with the other European Governments within the framework of the EU Council.

9 On the Greek Constitutional rules sanctioning the annual parliamentary consent for every kind of tax revenue, see Barbas, *Stoicheia Dimosionomikou Dikaiou* (2002), p. 40 et seq.

10 Cf., for example, the decision of the Symvoulio tis Epikrateias (Supreme Administrative Court) No. 63/2001, which holds unconstitutional all Greek provisions on the taxation of capital gains, on the grounds that they have been issued after an unconstitutional legislative delegation to the Minister of Finance.

One could argue that Art. 28 (2) and (3) of the Greek Constitution, which serves as the basis for Greece's participation in the European Union, overrides Art. 78 (1) and (4) and the strong parliamentary competence laid down in its provisions.[11] This view is, however, too formalistic. A delegation of the power to impose taxes to an international body even more remote from the democratic legitimacy of the national parliament would clearly violate the scope of Art. 78: The provisions of the latter article of the Constitution should, thus, be regarded as *lex specialis* with regard to the provisions of Art. 28. One could also argue that the imposition of custom duties is performed solely by EC law and no one has ever questioned the conformity of custom duties with the Greek Constitution.[12] However, custom duties do not affect the ordinary taxpayer. Custom duties are of a special nature and affect only international trade. This could be the reason why the issue of Art. 78 and EC competence on levying taxes has not been discussed yet. Imposing any EC tax, which would affect all or most taxpayers, would have a different impact and would probably lead to discussion among academics on the compatibility of such a tax with the Greek Constitution.

Besides the national constitutional problems that may arise, the establishment of a European Tax without having the consent of the European peoples would also contradict the EU's democratic foundations. In this respect, it is enough to mention that Art. 177 (2) of the EC Treaty (found in Title XX of the EC Treaty regarding Development Cooperation) according to which "*Community policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms*".

The democratic principle and respect of the human rights are also included in the text of the European Constitution.[13] In particular, one of the aims of the European Constitution is to increase the democracy, transparency and efficiency of the European Union by developing the contribution of national parliaments to the legitimacy of the European design, by simplifying the decision-making processes, and by making the functioning of the European Institutions more transparent and comprehensible.

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[11] This is the prevailing view among Greek scholars, who consider Art. 28 (2) and (3) of the Greek Constitution as an adequate basis for any legislative action from the part of the European Union; cf., for example, Chryssogonos, *Syntagmatiko dikaio (Constitutional Law)*, Thessaloniki 2003, p. 205 et seq. Greek scholars, however, have not dealt yet with the issue of the relationship between Art. 28 and Art. 78 of the Greek Constitution.

[12] The Value Added Tax, the capital taxes imposed under Directive 69/335/EC and the excise duties imposed under Directive 92/12/EEC etc. are not imposed directly by those EC provisions, but rather by national law, which transposes the EC directives. In contrast, custom duties are imposed directly by Regulation 2913/1992. Greek national law (mainly, the national customs code, Law No. 2960/2001) contains mainly procedural provisions and no substantive custom duties law. Thus, custom duties, unlike other taxes, are imposed directly by EC law, by a sort of "delegation" of legislative power to the European Union bodies and organs.

[13] Draft Treaty Establishing a Constitution for Europe, CONV 850/03, especially Art. 2 and Art. 7.

The main question, which is, as a matter of fact, the core of the democratic deficit within the European Union, is not only a legal one. Formally, all European Governments are democratically elected and enjoy the confidence of their peoples. Why then does the structure of democratically elected governments deciding within the framework of the European Union organs lead to democratic deficit? The problem of the democratic deficit is more factual than purely legal. European Union organs are practically accountable to no one. A national government usually does not take legislative measures without a minimum of political and social consent. There is full control of the opposition parties, of the press, of non-governmental bodies and of the ordinary citizen, who has adequate means to express his views, both as an individual as a member of the collectivity. In contrast, the same democratically elected governments work in the European framework on a totally different basis. Non-transparency, lobbying (rarely made public), lack of opposition control, lack of public discussion and, above all, bargaining, which makes legislative activity depend upon the exchange of main domains of interest among the European governments, form that kind of institutional philosophy that is called "democratic deficit". This institutional philosophy, never written down in a text of law, would weigh heavier, if the European Union were to attempt to impose EU taxes.

2. Interdependencies among the financial systems of the Member States

2.1. Conflicts created by the possible use of the implied powers theory for the enactment of an EU tax

Using the theory of implied powers in this regard would create conflicts with both national fundamental principles that apply to taxation and also the respective European fundamental principles. As far as Greece is concerned, the constitutional basis for the participation of the country in the European Integration process is found in Art. 28 of the Greek Constitution.[14] According to this article, Greece may freely enact legislation granting powers provided for in the Greek Constitution to other institutions, in order to promote international cooperation with other States.[15]

[14] This was inserted into the Constitution itself by adding an interpretative clause in Art. 28, according to which "*Article 28 constitutes the foundation for the participation of the Country in the European integration process*".

[15] Art. 28 (2) of the Greek Constitution reads as follows: "*2. Authorities provided by the Constitution may by treaty or agreement be vested in agencies of international organizations, when this serves an important national interest and promotes cooperation with other States. A majority of three-fifths of the total number of Members of Parliament shall be necessary to vote the law ratifying the treaty or agreement.*" For the text of the Greek Constitution in English, see http://www.parliament.gv/english/politeuma/syntagma.pdf.

This is subject to the condition of reciprocity, which is a general condition laid down in Art. 28.

The transfer of authority from the Greek parliament to any other institution may, however, only be effected if this transfer does not infringe protected human rights and the foundations of democracy.[16] In particular, as far as the introduction of an EU tax is concerned, this should be designed very carefully in order not to infringe either the human rights or the democratic principles. The same principles are also to be found at the EU level and therefore these EU principles should also be respected.

2.2. Infringement procedures for the collection of the EU fiscal own resources?

If an EU tax is established that forms part of the "fiscal own resources" of the EU, then a collection system must also be established. For a genuine EU tax this task would have to be assigned to a Community institution. However, during a transitional period the national tax administrations could also serve as EU tax administration.

The Commission already has the powers to survey the correct application of the respective legislation. This has been shown in particular with respect to the collection of the VAT-based own resources in an ECJ case, which is of much interest, as far as the Commission's arguments are concerned.[17]

The fact that a proportion of the VAT returns is a Community own resource gives the right to the Community to demand the amounts due but not collected by the Member States because of an incorrect application of the VAT legislation, as this failure amounts to a failure of the Member State to fulfill its obligations under the Treaty. In this regard, the Commission notified in 1989 Greece that, by not imposing VAT on tolls, it infringed the Sixth VAT Directive and that *"the infringement of the Sixth Directive resulting from the failure to levy VAT on motorway tolls entailed an unwarranted reduction in the Community's own resources."* The Court did not rule on this request of the Commission as it dismissed the application on another basis.[18] Had the application been successful,

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[16] Art. 28 (3) of the Greek Constitution reads as follows: "*3. Greece shall freely proceed by law passed by an absolute majority of the total number of Members of Parliament to limit the exercise of national sovereignty, insofar as this is dictated by an important national interest, does not infringe upon the rights of man and the foundations of democratic government and is effected on the basis of the principles of equality and under the condition of reciprocity.*" http://www.parliament.gv/english/politeuma/syntagma.pdf.

[17] ECJ 12 September 2000, C-260/98 Commission v. Greece [2000], ECR I-6537 para. 14.

[18] The Commission's application was dismissed because the Court held that tolls are exempt from VAT and therefore it did not see an infringement of the obligation of Greece to pay its share of the VAT-based Community own resources.

Greece would probably have to pay the requested additional amounts that it had failed to pay to the EU budget because it failed to collect them in the first place.

III. Special Issues

Greece is a unitary state with no federal characteristics. Even the creation of decentralized local self-governing bodies in each prefecture in 1994 did not add any elements of a federal character to the modern Greek state.

Especially in the matter of taxes, the Constitution is crystal clear: All taxes have to be regulated in their main elements by laws of the parliament. Extensive reference to the provisions of Art. 78 (1) and (4) of the Greek Constitution has already been made above.[19] According to these provisions, all laws aiming to impose taxes for the financing of decentralized local government bodies are to be voted by the parliament, as far as the tax object, the tax subject, the tax rates, the exemptions are concerned. It is obvious that only very few and non-substantive elements of each tax are left by the Constitution for the local bodies to decide. The Council of State (Symvoulion tis Epikrateias – Supreme Administrative Court) has interpreted the provisions of Art. 78 in a way that imposes on the parliament the requirement to define at least the margins within which the local bodies have to move in taking a decision on a local tax.[20] The Constitution is absolute about the role of the parliament. It does not leave any margin (at least, not according to the current case law of the Council of State) for any broader interpretation, which would require just the substance, i.e. the democratic legitimization, even if this comes from a local (federative or other) body.[21]

What is left for the local bodies is, however, the administration of taxes. The Constitutional provisions in Greece are not so absolute concerning the organization of the State. Art. 103 (1) of the Constitution provides that local matters are administered by the self-governed bodies of first (municipal or communal) and second (prefectural) level. Thus, a tax imposed by the parliament in favour of local bodies may be then administered by those local bodies. However, it seems that, according to the same Constitutional provision, taxes

19 See above, sub-section A.I.(vi).

20 Cf. the decisions StE No. 2227/2000 and 2228/2000 on a local tax imposed on sea transactions.

21 According to the letter of Art. 78 (1) and (4) of the Greek Constitution and the related case law of the Council of State, the only financial charge that may be imposed by local self-governing bodies are duties corresponding directly to services or benefits for their payer (that would be e.g., the duty paid to a municipality for cable TV). Cf. Ev. Papadimitriou, I syntagmatikotita tis epivolis eisforas stous katochous defteris katoikias me apofaseis tou Nomarchiakou Symvouliou Chalkidikis (The constitutionality of imposing duties to the possessors of secondary residence with decisions of the prefectural Council of Chalkidiki), *Armenopoulos* 2004, p. 623 et seq., with further reference to case law like StE (Olom.) 170/1979, StE (Olom.) 1106/1979, StE 3938/2000, etc.

benefiting the cashier of the central Greek state may not be administered by the local self-governed bodies.

In parallel to the restrictive constitutional provisions on the legislative procedure that leads to the imposition of taxes, Greece has, in general, only a few taxes that are really administered by the local self-governing bodies. The most important part of their resources remains, traditionally, the subsidies from the central state budget.

Even local taxes and fees usually have to be collected by authorities other than the local authorities that benefit from them. Often such taxes are collected by the central state tax agencies. This shows a degree of dependence of local authorities on the central state. Only bigger local authorities have the necessary human resources and infrastructure to perform their own collection of their own revenue. Most local self-governing bodies make use of the provisions of the Law on Enforcement of Public Claims (Kodikas Eisprakseos Dimosion Esodon, Law Decree No. 356/1974), which enables the tax offices to collect taxes and claims for any other Greek entity of public law, if such entities do not have collection services of their own. In this way, the mechanism of the central state authorities works as agents of other non-central authorities of public law.[22] This factual dependence of local entities upon the administration services of the central state enforces the centralized character of the Greek tax administration even more.

In conclusion, it is obvious Greece has not developed any notion of federal or federative taxes, so as to serve as an example for EU Taxes or, at least, to encourage public discussion to develop on such taxes. It follows that, as a general principle, all kinds of taxes referred to in the Commission paper "Financing the European Union" are taxes imposed, administered and collected by the central state authorities.[23]

1. Modulated VAT

The Value Added Tax is regulated in Greece mainly by Law No. 2859/2000, both in its substantive and procedural aspects. All tax elements are defined according to the EC VAT directives and, especially, according to the Sixth VAT Directive.[24] The VAT in Greece is not modulated, i.e., all the VAT revenue is administered and collected by the central state authorities and finances only the central state budget.

There have often been problems in Greece regarding the legality of national tax provisions evaluated against the Directive provisions, but such problems have

22 Even state-owned entities of private law may make use of this possibility, if a law provision specifically grants to such entities public law privileges.

23 Cf. for details of the tax procedure Finokaliotis, *Forologiko Dikaio (Tax Law)*, 3rd edition (2005), p. 345 et seq.

24 Sixth Council Directive 77/388/EEC of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes – Common system of value added tax: uniform basis of assessment OJ L 145 of 13 June 1977, p. 1 et seq.

never been questions of principle or conflicts between the Greek Constitution and the EC provisions; they have rather been "normal" cases of poor transposition of the directive provisions by the Greek national provisions.

2. Corporate Income Tax

Corporate Income Tax is regulated by Art. 98 et seq. of Law No. 2238/94.[25] Subjects of this tax are all Greek companies with the legal form of an Anonymi Etairia (company limited by shares) and of an Etairia Periorismenis Efthynis (company limited by capital),[26] as well as all forms of foreign companies and partnerships.[27] Currently, i.e. since 1 January 2007, the tax rate is 25%.[28] The tax base is formed, with minor exceptions, by all kinds of income falling within the scope of the Income Tax Code.

This tax follows the general principles described above and is imposed, administered and collected by the central state authorities.

3. Energy Tax

Energy Tax is imposed mainly as an excise duty on the consumption of petrol and coal products. The imposition of this tax is regulated in the national customs code. The administration of most excise duties traditionally falls under the authority of the customs offices. This is also the reason why the provisions imposing and governing those excise duties are found in the Greek customs code.

Excise duties on coal products were levied for the first time in 2007. The tax rate is EUR 0.3 per GJoule of energy produced, if the coal products are used for heating.[29] The tax rate on the excise duty for petrol products is calculated according to the energy produced, but according to the volume of those products.[30]

25 Income Tax Code. The corporate tax in Greece is known as "income tax on legal persons" (Foros Eisodimatos Nomikon Prosopon). Thus, there is little awareness in Greece that it is a tax "different" (though just in a limited extent) compared to the income tax (on natural persons).

26 In the English language there is no company form corresponding to the Greek Etairia Periorismenis Efthynis. This Greek company form corresponds, however, fully to the German company form "Gesellschaft mit beschränkter Haftung" and to the French company form "société à responsabilité limitée".

27 Greek partnerships are subject to the income tax on natural persons; cf. Art. 10 Law No. 2238/94.

28 The Tax base of Greek partnerships is, according to Art. 10 Law No. 2238/94, only 20%. As foreign partnerships are subject to the Greek corporate income tax, which has a 25% rate, there is here obviously a clear violation of Art. 43 EC Treaty.

29 See Art. 5 (1) of Law No. 3517/2006.

30 See Art. 10 of Law No. 3483/3006, as well as Art. 36 of Law No. 3522/2006. Cf. also Art. 73 of Law No. 2960/2001 (the Greek customs code).

It is characteristic that the tax is not levied according to the CO_2 produced, but according to more "traditional" factors, like the volume and the energy produced. A possible reform of this system by the EU in order to make it more environmentally friendly would require a drastic change in the way that the tax on energy in Greece is calculated today.

This tax is also imposed, administered and collected in by the central Greek state authorities.

4. Excise duties on tobacco and alcohol

Excise duties on tobacco and alcohol are imposed and regulated by the Greek national customs code (Law No. 2960/2001, Art. 94 et seq. for the tobacco products and Art. 79 et seq. on alcohol and alcohol products). They are administered and collected, exactly as in the case of energy products, by the customs offices.

5. Communication tax

Besides the VAT on communication services, there is no other general communication tax in Greece. A special communication tax exists only for mobile telecommunications services users, who use such services through a billing system (and not through a pre-paid card system). This tax is regulated in Art. 12 Law No. 2579/1998. It is collected by the GSM mobile phone providers and is forwarded to the central tax offices. This tax also finances the central state budget.

6. Personal Income Tax

Personal income tax is, as in most OECD Countries, the most important tax in Greece, both from an academic and from a practical point of view.[31] It is regulated in Arts. 1-97 of Law No. 2238/94 (Income Tax Code). Subject to the income tax on natural persons are not only natural persons, but also partnerships.[32] The tax rate is progressive, the highest tax scale being currently of 40% for income higher than 75,000 per year. The tax rate for (Greek)[33] partnerships is flat and is in principle 20%.

Income tax is collected by the tax offices, which act locally as branches of the central revenue services in Athens. There is no element of a local nature other than the local delimitation of the authority of each tax office.

[31] Prof. Barbas in the preamble of his book on *Income Taxation (Forologia Eisodimatos)*, 2nd edition, Thessaloniki 2006, p. XI, recalls the saying of Lorenz von Stein: Every tax is a tax on income.

[32] Cf. Art. 2 (4) Law No. 2238/94.

[33] See above, sub-section B.IV.

7. Tax on financial transactions

Two main taxes on financial transactions have to be mentioned here. The first one is the levy on certain bank loans according to Law No. 128/1975. The tax rate is calculated according to a rate from 0.12% to 0.60% on the capital of the loan. It is paid to the bank from the borrower and the bank pays the tax further to the tax offices.

The second tax on financial transactions is the 0.15%-high tax on the transactions of company shares admitted on a Greek stock market. This tax is the only tax imposed on transactions of Greek company shares admitted on a Greek stock market. No other tax is paid, even if the shares sold constitute a major part of the company shares. The tax is calculated on the full sale value of the shares.

Both taxes go to the central state budget.

8. Climate charge on aviation

No such tax seems to exist currently in Greece. There is a growing consensus in Greek society that special measures have to be taken in order to support environmentally friendly policies. This may include in the future a climate charge on aviation. The lack of any national provisions for such a tax would make it easier to adopt an EU tax. Introducing a climate charge on aviation as an EU tax would ensure competition neutrality of this charge among Member States.

9. Transfer of seignorage revenue

Seignorage as a source of revenue could exist in Greece only within the activity of the Greek Central Bank (Bank of Greece, in Greek: Trapeza tis Ellados). As this company has the company form of a company limited by shares (Anonymi Etairia), the taxation of revenue from seignorage would be, under normal circumstances, part of the regular corporate taxation of the Bank. However, according to Art. 73 of the Corporate By-Laws of the Bank (Law No. 3424/1927, as currently in force), no tax is levied on any activity of the Bank. Thus, taxing income from seignorage would be a special taxation from this kind of income.

Until 1998 there was a special tax on income from seignorage, which was abolished by Law. No. 2609/1998. This tax was collected by the central state authorities.

IV. Conclusion

If the EU introduces an EU tax in the future, it will have two main choices. The first one would be to introduce a new tax, without depriving the Member States of any of their current revenue resources. The second would be to replace taxes already levied by the national authorities with an EU tax corresponding to the existing national taxes and, thus, replacing the national tax with an EU tax. In the case of a modulated VAT, the choice would be of mixed nature, as there is currently a proportion of the VAT revenue considered to be a Community own resource.

In the case of Greece, EU taxes as newly introduced taxes would be the transfer of seignorage revenue and a climate charge on aviation. All other possible EU taxes would probably have to replace existing Greek taxes.