



Greece

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QUICK FACTS

Legal forms of philanthropic organizations included in the law: Association, Foundation, Other(s): Civil Non-profit Company, Collection Committee, Union, Other Legal Entities of Private Law (e.g. social associational enterprises or "KOINSEP"), some Legal Entities of Public Law (e.g. church, chambers of commerce)

Five main social issues addressed by these organizations: Arts and Culture, Health and Medical Research, Basic Needs, Youth and Family, Environment

Average time established by law to register a philanthropic organization: More than 90 days

Average cost for registering a philanthropic organization: US \$500

This is the case for an association (somateio), which is the most commonly used legal form of PO in Greece because of the special tax treatment that is provided for this legal status (exclusion from value added tax and no obligation to maintain records typically required for other institutions).

Government levels primarily regulating the incorporation of philanthropic organizations: Central/Federal Government

Philanthropic Environment Scores:

Year	Ease of Operating	Tax Incentives	Cross-Border Flows	Political Environment	Socio-Cultural Environment	OVERALL SCORE
2018	4.6	4.0	3.6	3.3	2.4	3.59

I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

The three questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration, (B) operations, and (C) dissolution.

Question 1: To what extent can individuals form and incorporate the organizations defined?

Score: 4.2

The Greek Constitution in article 12 clearly grants all Greek people the right to form nonprofit associations and unions, in compliance with the law. Moreover, article 14 paragraph 1 guarantees free expression indicating that every person may express and propagate his thoughts orally, in writing and through the press in compliance with the laws of the State. However, there is no specific legal framework for the formation and operation of POs in Greece. In this context, a PO can be founded under the current provisions of the civil code as a not-for-profit legal person of private law (e.g. a union of persons, an association, a foundation, a civil non-profit company, a collection committee etc.).

The registration process is somewhat demanding. For the setting up of an association, a request is made to the Court of First Instance that should include a constituent act, the names of the members that will manage the association, and a dated statute with the signatures of at least 20 people (members). If the legal conditions are met, the court accepts the application. Then the PO is required to submit a publication in the press as well as enroll in the "Association's book" in order to acquire the legal status. The whole process usually takes around six months. The judgment of the Court of First Instance is subject only to an appeal. The decision that rejects the petition is only open to challenge by the person who submitted the application, while the decision that accepts the application is only open to challenge by the State for public interest purposes.

The simplest way to institutionalize a PO is through a union of persons which is something between an association and a civil non-profit company and it is considered to be a temporal form as well as a pre-stage for founding an association. The process of founding a civil non-profit company is also relatively simple, requiring the participation of only two people.

Question 2: To what extent are POs free to operate without excessive government interference?

Score: 4.9

As was mentioned earlier, there is no specific legal framework for the operation of POs in Greece. The picture concerning the public bodies involved in monitoring their operations is fragmented, with many Ministries involved in overseeing POs in different sectors and maintaining different databases of such organizations. However, the legal/regulatory framework is now under scrutiny. In 2014, the government, through the Minister for Administrative Reform and E-Governance submitted a draft law to the parliament regarding the transparency of the economic status of POs. This law (4305/2014, article 16) requires POs to upload all the donations they receive yearly from the public sector above the amount of EUR €3,000 (US \$3,450) to the web platform "Diavgeia", a tool for transparency and

control of activities undertaken by the State. To be more specific, with the application of this law, all the POs are required to publish to this web platform a detailed statement of the allocation of the public grants they received. Failure to publish results in the exclusion of liable entities from any type of subsidy or financing from general government entities in the future.

Question 3: To what extent is there government discretion in shutting down POs?

Score: 4.8

When a PO in Greece is dissolved and liquidated, any residual property, if not otherwise indicated by the statute, comes to the State, which ensures that it will provide it to purposes that are related to those of the PO. To be more specific, an association dissolves in the manner defined by its statutes, which means if its members become less than ten, with a decision of its general assembly that is taken with an increased quorum and majority as well as with a decision of the Court of First Instance following the request of one fifth of its members or its board of directors or the supervisory authority for several reasons (e.g. management is not possible due to the decrease of members, fulfillment of the association's purpose or failure to fulfill it, pursuit of a different purpose, the purpose became irrelevant or unlawful).

II. Domestic Tax and Fiscal Issues

The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.

Question 4: To what extent is the tax system favorable to making charitable donations?

Score: 4.0

According to the Greek tax law that foresees tax incentives for donations to POs, the donor can deduct the amount of the donation in his/her tax declaration (tax deduction). To be more specific, individual donors may deduct from their taxpayer's gross income, up to 20 percent of the sums of their donations to several cases of POs that are specifically defined by the tax law.

The value of gifts and donations is deductible only if their aggregate sum exceeds the amount of EUR €100 (US \$115). The deduction will apply only if the total amount of donations and sponsorships does not exceed 10 percent of the donor's total income taxed under the general provisions. Additionally, the Greek tax law provides a range of deductions for donations and sponsorships made by legal entities. Specifically, monetary sums paid at the rate of 10 percent over the total net income or profits resulting from balance sheets are deducted from gross income of businesses when given as donations to specific cases of POs that are clearly defined in the tax law. The total amount of donations that are deductible may not exceed the amount of net profits generated by the removal of these amounts from the gross revenues of the relevant accounting year. In order to get the tax incentive the donor must state in his/her tax declaration that the PO, which received his/her donation, fulfils all the tax law requirements. The responsible Greek tax authority (in the region where the donor is registered) performs the comparability test for each specific case/request for a tax incentive by the donor. This individual decision is not kept in any register/list and may be judged differently for the same PO by another donor's responsible local tax authority. The donor has the burden of proof. The

donor must provide a cash receipt voucher, which indicates the donor and the recipient, the amount of donation or sponsorship, the date, and the signature of donor or sponsor.

Question 5: To what extent is the tax system favorable to POs in receiving charitable donations?

Score: 4.0

In Greek tax law, specific exclusionary provisions have been established regarding philanthropic activities. Since 2010, Greece has imposed a very low gift and inheritance tax rate of 0.5 percent to POs. The rate is applicable to legal entities receiving assets by way of inheritance, which have been incorporated or are under incorporation in Greece, as well as by the respective foreign legal entities on the condition of reciprocity. This holds as long as these entities are proven to pursue national or religious or in a wider sense charitable, educational or artistic purposes, and furthermore to churches, monasteries, the sacred space of the Holy Sepulchre, the Holy Monastery of Mount Sinai, the Ecumenical Patriarchate Kostantinoupoleos, the Jerusalem Patriarchate, the Patriarchate of Alexandria, the Church of Cyprus and the Orthodox Church of Albania. A foreign tax credit is provided for these cases.

The deduction of the bequests from the assets of the inheritance is subject to the attachment in the inheritance tax return of a certification by the executors or administrators of the bequest or by the PO, to which the bequest has been made or by the persons exercising its management, certifying that the bequest has been deposited together with any overdue interest. Cash donations in excess of EUR €1,000 (US \$1,150) are subject to the same rate of 0.5 percent. Foreign legal entities qualify on condition of reciprocity.

III. Cross-Border Philanthropic Flows

The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.

Question 6: To what extent is the legal regulatory environment favorable to sending cross-border donations?

Score: 3.7

Capital controls were imposed in Greece on June 28 2015. Restrictions have been gradually relaxed, with the latest changes taking place on 22 July 2016. However, in this context, capital transfers abroad are prohibited unless included in the exceptions processed on a daily basis by the banks' Special Subcommittees and the Bank Transactions Approval Committee. The transfer of funds or cash abroad in any manner whatsoever is prohibited.

Question 7: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

Score: 3.5

The available information about this topic is very limited. In general, the wording of the law in Greece includes a non-discrimination rule for donors as well as for foreign-based POs, which means that individual/corporate donors giving to comparable EU/EEA-based POs get the same tax benefits as they would for giving to a domestic PO. Moreover, where corporate income tax exemptions exist for domestic POs, the same benefits are available for comparable EU/EEA based POs. However, the competent authority awards tax-privilege status on a case-by-case basis.

IV. Political and Governance Environment

The three indicator questions in the next two sections concern the political and governance context, socio-cultural characteristics, and economic conditions that influence the environment for philanthropy.

Question 8: To what extent is the political and governance environment favorable for philanthropy?

Score: 3.0

The political environment in Greece is characterized by inconsistent government policies towards POs as well as by the adoption of different set of criteria and definitions for POs. These inconsistent and sporadic government policies towards POs have led to the segmentation of the philanthropic sector and the development of a wide variety of organizational forms. Moreover, the Greek political system is distorted with clientelistic networks that the Greek political elites have created throughout the years. State dominance and patriarchy halted the emergence of a modern state organization and thus the rise of a healthy and active philanthropic sector. Therefore, the Greek philanthropic sector has been historically weak, featuring low levels of social solidarity and volunteerism. POs have become very closely attached to the party system and the State in order to secure funds.

Additionally, Greece has become the epicenter of the recent global economic crisis, suffering in terms of GDP loss (almost 30 percent), rising unemployment (reaching an unprecedented 28 percent) and deepening poverty. Alongside the Greek society, the philanthropic sector has suffered the consequences of the economic crisis. While available funding has decreased, demand for philanthropic services has substantially increased. More and more often, POs are called upon to fill the gap that a retreating welfare state leaves behind and to contribute to promoting human rights and democratic values at a time of pronounced political disillusionment.

Question 9: To what extent are public policies and practices favorable for philanthropy?

Score: 3.6

A legal and institutional framework for the operation of POs in Greece as well as concrete information on the identification of the sector organizations, their activity, their staff, and other information

regarding them do not exist. The estimates about the number of nonprofits and their contribution in Greek society and economy are almost subjective. Numbers vary as there are no official records, something that could be attributed to the lack of consistent government policy towards the sector and the different set of criteria and definitions that are adopted. Thus, the philanthropic sector has hardly developed and hardly managed to bring about any major accomplishments.

V. Socio-Cultural Environment

Question 10: To what extent are socio-cultural values and practices favorable for philanthropy?

Score: 2.4

The characteristics that have dominated the philanthropic sector in Greece are the strong intervention of the State and the Orthodox Church in the provision of social services, the weak government support towards POs, and the fact that family and networks of relatives have always created the basic framework of mutual aid, solidarity and cooperation. Traditionally, Greeks have learned to rely mostly on their families and not on the community. Greeks lack social trust, which is a prerequisite for the development of POs. This is made worse in the context of a strongly centralized State. As a consequence, volunteering has not been widely promoted or accepted in the Greek society. Moreover, the deepening of the economic crisis has turned an initial economic recession into an era characterized by a crisis of values, heavily affecting the way Greek citizens see themselves and their relationships to others. To be more specific, the crisis has turned a significant part of the Greek Society into a state of introversion and ethnocentrism. In this context, humanitarian action is increasingly functioning in the local level. The Church is gaining ground, taking up humanitarian action in the national level through church related POs, local parishes, individual priests.

In addition, POs tend to be perceived as untrustworthy by Greek citizens, because the more established of them have maintained close relationships to the State and frequently the majority of their board members have a strong party affiliation. Consequently, POs have been attacked by the media for the mismanagement of public funds, corruption and clientelism. The media paints a bleak picture of POs as corrupted and immoral, which is challenging for those organizations that have genuine motives.

VI. Future of Philanthropy

These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.

Current state of the philanthropic sector

The absence of a strong philanthropic sector constitutes a structural characteristic of the Greek society. To be more specific, the Greek philanthropic sector is fragmented, relatively underdeveloped and poorly organized with a very weak structure. Most formal POs do not attract a significant number of members or a significant amount of funds. However, the existence of informal groups plays an important role in Greek society. As a result, the Greek philanthropic sector performance is very weak

with its contribution to social capital building and its participation in policymaking is limited. Moreover, Greek POs use a small amount of voluntary participation, depend on the State, and fail to invite and accept members from wider social groups. Their performance in strategic planning, organizing, leading, and controlling is relatively poor.

Three major recent events affecting the philanthropic landscape between January 2014 and December 2016

- Greek financial and economic crisis (requirement of a third bailout within five years in 2015, implementation of capital controls in 2015, multiple austerity measures since 2010, tangible impact on Greeks – by 2015, nearly 20 percent of Greeks lacked funds to meet daily food expenses, 24 percent unemployment rate for 2016);
- Migrant crisis (unprecedented influx of 850,000 migrants in 2015 and 150,000 more arrivals by the end of March 2016). This is the biggest migration crisis since WWII; and
- With the newest agreement between the EU and Turkey in March 2016, thousands of migrants are currently stuck in Greece confronted with an unclear future.

Future development trends in the philanthropic landscape

In this challenging environment that combines multiple crises, Greek POs face significant threats to their financial performance and organizational effectiveness. Their own survival is constantly at stake, they receive almost no public support, they are not able to raise sufficient donations, and Greek citizens perceive them as untrustworthy. However, their role is emerging and appears to be crucial in mitigating the consequences of the crises currently affecting the country. In this context, they attempt to fill the gap between social welfare needs and the State's ability to provide welfare services. So, they constantly develop new programs to feed the hungry, provide primary health care and psychological support services, support people in need (migrants, unemployed, homeless people, children, families). Under these uncertain and turbulent circumstances, the following trends are emerging:

- New philanthropic initiatives are developing, which tend to be independent from the State, to adopt more effective management practices as well as innovative business models, to seek funding from international organizations, to emphasize voluntary participation, and to collaborate with for-profit businesses;
- Private foundations are emerging as the leading donors to Greek POs;
- Volunteerism is rising, reflecting to some extent the high levels of unemployment;
- Old and established POs realize the need to adjust their strategy and overall organizational mission in order to reflect the new reality and stay relevant to the needs of Greek citizens; and
- Greek POs acquire huge knowledge and expertise on handling economic and migration crises.

Three key recommendations to improve the environment for philanthropy

- Creation of an official registry of POs;

- Development and application of a clear and solid legal framework that will realistically define philanthropic activities and regulate all the aspects of the operations of POs (tax regulations, funding rules, volunteering, etc.); and
- Systematic development of civic education that will cultivate and promote the volunteering mentality in Greek society.