

GREECE 1999

1. Overview of the system

The national currency is the Drachmae (GRD). The 1999 Average Production Worker's earnings level is GRD 3 403 841. All information in this chapter applies to 1 January, 1999.

2. Unemployment insurance

The unemployment insurance scheme covers people who are insured against sickness with a social security institution. The benefits are divided into regular benefits and special allowances. This programme is addressed to salaried individuals, who have become unemployed against their will and who are unable to find work relative to their qualifications.

2.1 *Conditions for receipt*

- to be fit and available for work
- to be involuntarily unemployed
- to be registered at an employment exchange
- to not be self-employed

2.1.1 *Employment conditions*

- 125 days in the last 14 months before the claim
- or
- 200 days in the last 2 years before the claim

First time-claimants need to have worked at least 80 days in the last 2 years before the claim

2.1.2 *Contribution conditions*

None.

2.2 Calculation of benefit amount

2.2.1 Calculation of gross benefit

The benefit is paid for 25 days per month. The amount of payment is related to the earnings at the time of job loss. Manual workers can claim 40 per cent of earnings lost, employees 50 per cent. The additional benefit is half of this amount (see also 2.4)

Minimum daily benefit:	two-thirds of the daily minimum wage
Dependants allowance:	10 per cent of the calculated insurance benefit
Maximum daily benefit: (including allowances)	70 per cent of the APW earnings level (GRD 7 942)

2.2.2 Income and earnings disregards

None. The benefit is withdrawn if there is income from any other source.

2.3 Tax treatment of benefit

Taxable, but with certain exemptions:

Tax is levied on the portion of benefits exceeding GRD1 000 000.

2.4 Benefit duration

After a 6 day waiting period the benefit is paid during a period which is related to the employment record:

<u>Employment</u>	<u>duration</u>
125 days	5 months
150 days	6 months
180 days	8 months
220 days	10 months
250 days	12 months
	If aged 49 or more:
125 days	12 months
In all cases, 12 months if the claimant has worked 4,050 stamps or more.	

2.5 Treatment of particular groups

2.5.1 Young persons

People between 20 and 29 years of age who have never worked before are covered under the insurance scheme for payment during 5 months:

<u>family type</u>	<u>amount</u>
Single	GRD 25 000
Couple	GRD 27 000
either, in the presence of children	GRD 2 000 per child

2.5.2 Older workers

None.

3. Unemployment assistance

3.1 Conditions for receipt

The benefit is either paid upon exhaustion of unemployment insurance benefit eligibility, in which case no further requirements are made, or paid to people not qualifying for unemployment insurance benefits in some special cases.

3.1.1 Employment conditions

People who do not qualify for unemployment insurance require a 2.4 months record.

3.1.2 Contribution conditions

None.

3.2 Calculation of benefit amount

3.2.1 Calculation of gross benefit

The benefit is paid for 25 days per month. The amount of payment is 17 per cent of the unemployment benefit or 15 per cent of the hypothetical unemployment insurance benefit for those with insufficient unemployment records. The rate is raised to 20% if the worker is laid off for economic reasons.

3.2.2 *Income and earnings disregards*

None. The benefit is withdrawn if there is income from any other source.

3.3 *Tax treatment of benefit*

Not taxable.

3.4 *Benefit duration*

3.5 *Treatment of particular groups*

None.

4. Social assistance

A general scheme does not exist, but there are provisions for people who are undergoing severe hardship.

5. Housing benefits

A general scheme does not exist, instead a tax allowance for house rents is available. There is a specific flat-rate payment for people in exceptional circumstances.

6. Family benefits

There exist a general scheme and employer supplements.

6.1 Conditions for receipt

Children must be under 18 years of age, or 22 if in education. They must be single and residing in either Greece or another EU member state.

6.2 Calculation of benefit amount

6.2.1 *Calculation of gross benefit (per month)*

(General scheme)

1 child	GRD 2 000
2 children	GRD 6 000

3 children	GRD 13 500
4 children	GRD 16 400
for each additional child	GRD 2 750
plus:	
for each child born after 1 January 1982	GRD 1 000

There is a special allowance for large families:

3rd child (until he/she is 6 years old)	GRD 46 431
Families with 4 or more children	GRD 11608 per child

The employer usually grants 5 per cent of gross earnings to each individual worker (married or not) for each child plus 10 per cent for a female partner. The partner allowance is independent of her employment status and income.

6.2.2 *Income and earnings disregards*

6.3 *Tax treatment of benefit*

General scheme: Not taxable

The employers' benefit is added to gross income before taxation.

The benefits for the 3rd child and for 4 or more children are taxed at 10% separately from other income.

6.4 *Treatment of particular groups*

An additional benefit for each child may be paid to widows, widowers and soldiers

7. **Child-care benefits**

None.

8. **Employment-conditional benefits**

None.

9. Lone-parent benefits

There is a flat-rate allowance for children who are not supported

10. Tax system

10.1 Income tax rate schedule

10.1.1 Tax allowances and credits

- allowances:
- Work-related expenses: A relief of Drs 300 000 is granted to all wages and salary earners. This relief is given through the tax schedule (see § 10.1.3 below).
- social security contributions
- credits (non-refundable):

Standard tax credits depending on the APW family status: The following reliefs are granted as a credit against the personal tax of the taxpayer calculated according to the general tax schedule:

- Drs 30 000 per child, if the family comprises one child
- Drs 35 000 per child, if the family comprises two children
- Drs 50 000 per child, if the family comprises three children
- Drs 60 000 per child, if the family has four children
- For families with more than four children the tax credit is increased by Drs 10 000 for each child.

10.1.2 The definition of taxable income

Gross income minus tax allowances.

10.1.3 The tax schedule

Basic rate schedule

Income bracket (Drs)	Tax rate (%)
1 900 000	0
2 710 000	5

4 335 000	15
7 580 000	30
16 235 000	40
Excess	45

This is the schedule after the work related expenses allowance. In practice, it is like if this schedule was applied to everybody.

10.2 Treatment of family income

Married persons are subjected to tax separately on their own income but are required to file a joint tax return.

10.3 Social security contribution schedule

All contributions are payable up to the annual gross income ceiling GRD6 783 000:

- Social Insurance Organisation (IKA): 9.22 per cent of the gross income
- Subsidiary Social Insurance Fund (TEAM): 3.00 per cent of gross income
- Other Funds: 3.68

11. Part-time work

11.1 Special benefit rules for part-time work

None.

11.2 Special tax and social security contribution rules for part-time work

None.

12. Policy developments

12.1 Policy changes introduced in the last year

The Greek government has increased unemployment benefits by an annual rate of 10 % in 1995, 1996, and 1997. The rate is maintained at this level now and more emphasis is placed on active labour market programmes

12.2 *Policy changes announced*

Further alignment of unemployment assistance and insurance benefits; the introduction of a general social assistance scheme.

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The annual tax/benefit position of an unemployed single person
1999
(in drachmas)

	Initial rate	Unemployment assistance
A. Taxable benefits		
Unemployment insurance	1 361 536	0
Total	1 361 536	0
B. Income tax and social security contributions		
Allowances	57 484	0
Taxable income	304 052	0
Income tax	0	0
Social security contributions	57 484	0
Total Income tax and social security contributions	57 484	0
C. Non-taxable benefits		
Unemployment assistance	0	231 461
Total	0	231 461
D. Net income out of work (A-B+C)	1 304 052	231 461
E. Net income in work	2 799 236	2 799 236
F. Net replacement rate (D/E) (per cent)	47	8

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**The annual tax/benefit position of an unemployed married couple
with two children (6 and 4 years old)**

1999

(in drachmas)

	Initial rate	Unemployment assistance
A. Taxable benefits		
Unemployment insurance	1 497 690	0
Total	1 497 690	0
B. Income tax and social security contributions		
Allowances	79 133	0
Taxable income	418 557	0
Income tax	0	0
Social security contributions	79 133	0
Total	79 133	0
C. Non-taxable benefits		
Means-tested benefits		
Family benefits	96 000	96 000
Unemployment assistance	0	254 607
Total	96 000	374 607
D. Net income out of work (A-B+C)	1 514 557	350 607
E. Net income in work	3 451 883	3 451 883
F. Net replacement rate (D/E) (per cent)	44	10

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**The annual tax/benefit position of a lone parent
with two children (6 and 4 years old), 1999
(in drachmas)**

	Initial rate	Unemployment assistance
A. Taxable benefits		
Unemployment insurance	1 497 690	0
Total	1 497 690	0
B. Income tax and social security contributions		
Allowances	79 133	0
Taxable income	418 557	0
Income tax	0	0
Social security contributions	79 133	0
Total	79 133	0
C. Non-taxable benefits		
Means-tested benefits		
Family benefits	96 000	96 000
Unemployment assistance	0	254 603
Total	96 000	350 607
D. Net income out of work (A-B+C)	1 514 557	350 607
E. Net income in work	3 208 559	3 208 559
F. Net replacement rate (D/E) (per cent)	47	11