

GREECE

1. Overview of the system

The national currency is the Drachmae (Dr). The 1997 Average Production Worker's earnings level is Dr. 3 061 145. All information in this chapter applies to 1 January, 1997.

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 be under 65 years of age and not in receipt of invalidity or old age pension benefits (the maximum age is not binding)
- 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 (Dr. 3 120)
Dependants allowance:	10 per cent of the calculated insurance benefit
Maximum daily benefit: (including allowances)	70 per cent of the APW earnings level (Dr. 6 560)

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 The benefit is withdrawn if there is income from any other source.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 Dr.1 000 000.

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:
210 days	12 months

In all cases, 3 additional months at a reduced rate or 12 months if the claimant has worked 4,050 days 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	Dr. 25 000
Couple	Dr. 27 000
either, in the presence of children	Dr. 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.

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.

3.1.3 Calculation of benefit amount

The level of the allowance amounts to 13 daily unemployment benefit payments and increases by 10% for each dependent member.

3.1.4 Income and earnings disregards

The annual family income must not exceed Dr 1 900 000 in 1998.

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*

After a 2 month waiting period the benefit is paid out only once. the waiting period is 3 months for claimants who do not qualify for unemployment insurance.

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

(General scheme)

1 child	Dr. 1 620
2 children	Dr. 5 560
3 children	Dr. 12 060
4 children	Dr. 14 300
for each additional child	Dr. 2 500
plus:	Dr. 1 000
for each child born after 1 January 1982	

There is a special allowance for large families:

3rd child	Dr. 500
4th child	Dr. 700
5th child	Dr. 1 000

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

(General scheme) If gross family income exceeds Dr.2,600,000 per year the benefit amounts are:

1 child	Dr. 1 120
2 children	Dr. 3 620
3 children	Dr. 6 820
4 children	Dr. 9 580
for each additional child	Dr. 2 500
plus:	Dr. 1 000
for each child born after 1 January 1982	

6.3 Tax treatment of benefit

Not taxable

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

6.4 *Treatment of particular groups*

An addition of Dr.1 250 for each child may be paid to widows, widowers and soldiers

Family benefits are not paid to unemployed with an employment record not exceeding 50 days in the year preceding the claim; to unemployed during the first two months of benefit receipt.

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 up to Dr. 300,000
- social security contributions
- 30 per cent of the private house rent for the main residence up to 15 per cent of the total annual income

credits (non-refundable):

- Dr. 20,000 for each of the first two children
- Dr. 30,000 for the third child
- Dr. 40,000 for each additional child

10.1.2 *The definition of taxable income*

Gross income minus tax allowances.

10.1.3 *The tax schedule*

Income bracket (Dr)	tax rate (%)
1,355,000	0
2,637,500	5
4,220,000	15
7,385,000	30
15,825,000	40
Excess	45

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 Dr.5,361,000:

- 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, 1997
(Drachma)

	Initial rate	Unemployment assistance
A. Taxable benefits		
Unemployment insurance	1 224 458	0
Total	1 224 458	0
B. Income tax and social security contributions		
Allowances	1 035 689	0
Taxable income	188 769	0
Income tax	0	0
Social security contributions	35 689	0
Total	35 689	0
C. Non-taxable benefits		
Means-tested benefits		
Family benefits	0	0
Unemployment assistance	0	208 158
Non-means tested benefits		
Total	0	208 158
D. Net income out of work (A-B+C)	1 188 769	208 158
E. Net income in work	2 513 453	2 513 453
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, 1997
(Drachma)**

	Initial rate	Unemployment assistance
A. Taxable benefits		
Unemployment insurance	1 346 904	0
Total	1 346 904	0
B. Income tax and social security contributions		
Allowances	1 055 158	0
Taxable income	291 746	0
Income tax	0	0
Social security contributions	55 158	0
Total	55 158	0
C. Non-taxable benefits		
Means-tested benefits		
Family benefits	114 720	114 720
Unemployment assistance	0	208 158
Total	114 720	322 878
D. Net income out of work (A-B+C)	1 406 466	322 878
E. Net income in work	3 088 852	3 088 852
F. Net replacement rate (D/E) (per cent)	46%	11%

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**The annual tax/benefit position of a lone parent with two children, 1997
(Drachma)**

	Initial rate	Unemployment assistance
A. Taxable benefits		
Unemployment insurance	1 346 904	0
Total	1 346 904	0
B. Income tax and social security contributions		
Allowances	1 055 158	0
Taxable income	291 746	0
Income tax	0	0
Social security contributions	55 158	0
Total	55 158	0
C. Non-taxable benefits		
Means-tested benefits		
Family benefits	144 720	144 720
Unemployment assistance	0	208 158
Total	144 720	322 878
D. Net income out of work (A-B+C)	1 436 466	322 878
E. Net income in work	2 870 026	2 870 026
F. Net replacement rate (D/E) (per cent)	50%	11%