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**GREECE**  
**2003**

**1. Overview of the system**

The national currency is the Euro. The 2003 Average Worker earnings level is EUR 12960.

**2. Unemployment insurance**

Unemployment insurance system covers persons who are insured for health with any social security institution. Allowances are classified into regular and special. This program is addressed to salaried persons who have fallen unemployed in spite of themselves and are not able to find a job in line with their qualifications.

**2.1 *Conditions for receipt***

The beneficiary must:

- Be capable and available for work;
- Be involuntarily unemployed;
- Be registered with an employment office;
- Not receive any pension equal to or higher than the minimum Social Security “IKA” pension;
- Not be self-employed.

**2.1.1 *Employment conditions***

- 125 days in the last 14 months before application.

Or

- 200 days in the last 2 years before application.

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

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**2.1.2 Contribution conditions**

The system is reciprocal. Contributions towards the OAED (Organisation for Manpower Development) are paid by the employer and the worker.

**2.2 Calculation of benefit amount**

**2.2.1 Calculation of gross benefit**

Article 12 of Act 2224/94 stipulates the following:

“the basic benefit is set at 40% of the daily wage or, in the case of employees, at 50% of their salary, under the constraint that the benefit will not be either lower than the 2/3 of the unskilled worker’s daily wage or higher than the amount that is determined each time through a Decision of the Minister of Labour, following a proposal from the management Board of the OAED.”

In 2002 the basic benefit was EUR 10.65 per day (EUR 266.25 per month) and the maximum benefit was EUR 11.19 per day (EUR 279.75 per month).

The benefit is paid once for 25 days per month. There is a 10 per cent increase for each dependant family member.

**2.2.2 Income and earnings disregards**

None. The benefit is withdrawn if there is income from any other source, excluding the cases of occasional and part-time employment.

The payment of the unemployment benefit may be combined with a part time employment in case the monthly remuneration of the worker for his/her part-time job is less than the approved amount of the monthly unemployment benefit. But in this case, the OAED will offset the amount paid as benefit with the amount received as salary for the part-time job and it will pay the difference to the beneficiary.

In case the beneficiary’s monthly remuneration for his/her part-time job exceeds the amount of the monthly unemployment benefit, the payment of the benefit is suspended due to the taking up a post. This regulation has been applied since beginning of 1990.

**2.3 Tax treatment of benefit**

Not taxable.

**2.4 Benefit duration**

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

Employment record (days)	Benefit duration (months)
125 – 149	5
150 – 179	6
180 – 219	8

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220 – 249	10
250 or more	12
210 days and aged 49 or more	12

In all cases, the duration of the payment of the benefit is 12 months if the applicant 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:

Family type	Monthly amount (in EUR)
Single	73.37
Couple	79.24
Either, in the presence of children	5.87 per child

### **2.5.2 Older workers**

A pension is paid to the uninsured elderly that have exceeded their 65<sup>th</sup> year of age. This pension equals the amount of the basic pension that is granted by the Organisation of Agriculture Insurances (OGA). The OGA grants this pension as an agent of the Ministry of Health and Welfare. This pension amounts to:

- EUR 170.84 and is increased in the presence of a spouse or a child that is aged under 18, *i.e.*
- EUR 173.90 for a married person with a spouse that is aged less than 65.
- EUR 176.66 for a married person having a child aged less than 18.

## **3. Unemployment assistance**

### **3.1 Special benefits (conditions and duration)**

#### **3.1.1 Special Benefit after the termination of the regular unemployment subsidy**

The unemployed that are not seasonally workers receive after the termination of the regular unemployment subsidy a special benefit (a lump sum equivalent to 13 daily unemployment benefits, 13 x EUR 11.32), on condition that they remain unemployed for an additional month and their annual income does not exceed the amount of EUR 7 043.29.

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**3.1.2** *Special Benefit after a 3 month stay in the unemployment records*

This benefit is paid to those unemployed who do not satisfy the conditions of regular subsidy (are not seasonal workers) and have realized at least 60 daily wages during the year prior to their registration with the OAED. They have to remain unemployed (registered with the OAED) for 3 months and their income must not exceed a set amount (EUR 7 043.29). The benefit is paid every 3 months in 3 installments (15 x EUR 11.32) in the same year.

**3.2** *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** *Treatment of particular groups*

**3.4.1** *Young persons*

Benefit for young persons (20-29 years of age).

The benefit is paid to young persons provided that they are unemployed and remain registered in the unemployed list for one year. The benefit amounts to EUR 73 per month and is paid for a period of 5 months. The benefit aims at supporting the new entrants in the labour market.

**3.4.2** *Long term unemployed*

The OAED pays a benefit to the long-term unemployed. By long-term unemployed we mean those who have completed an unemployment period of 12 months with no intermission and have exhausted the right to the regular 12 month subsidy. In addition, the annual family income must not exceed EUR 5 000. The said benefit is increased by the annual amount of EUR 587 for each minor child. The level of the benefit is set at the amount of EUR 200 and is paid for 12 months.

**3.4.3** *Seasonal benefit*

This benefit is paid to professional categories characterized by seasonal employment (builders, tobacco workers, actors, ceramists, forest workers, musicians, etc.). The benefit is paid annually in the period 1/10-20/12. The following conditions apply:

The persons concerned must:

- Have worked 50-210 daily wages, as per case, with the related profession, in the year prior to the payment.
- Have not realized more daily wages in other professions, during the year preceding payment.
- The total days worked in any occupation must not exceed 240.

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- Not satisfy the conditions for regular unemployment subsidy at the time that the seasonal benefit is paid.

#### *3.4.4 Workers laid off due to the insolvency of the employer*

The OAED keeps an independent account “Account for the protection of workers from the insolvency of the employer”. The purpose of this account is the payment of unpaid wages stemming from a contract or a dependant working relationship for up to 3 months. Failure of payment must be due to insolvency of the employer.

### **4. Social assistance**

A general scheme does not exist, but there are provisions for people who are undergoing severe hardship. The Ministry of Health and Welfare applies 12 programs of financial support (subsidy) for persons with disabilities depending on the kind, the category or the disability rate.

### **5. Housing benefits**

#### *5.1 Conditions for receipt*

Provision of rental subsidy from the Workers Housing Organisation (OEK) to unemployed persons, for the time period that they receive a subsidy by the OAED as well as for 2 years after the termination of their subsidy.

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## 5.2 *Calculation of benefit amount*

### 5.2.1 *Calculation of gross benefit amount (per month)*

Family type	Benefit (in EUR)
Single person – couple	92
With 1 protected child	104
With 2 protected children	125
With 3 protected children	146
With 4 protected children and more	167

From 2003, the above amounts for rent subsidy are increased by 50% per category, for the following OEK beneficiaries who participated in the 2003 rent subsidy program:

- Long term unemployed and beneficiaries who became unemployed due to their employment contract termination within 2003;
- Beneficiaries who were unemployed and have moved within 2003 from their permanent residence and found jobs to other Prefectures;
- Beneficiaries whose family income for 2003 is less than EUR 6,457.

### 5.2.2 *Income and earnings disregards*

Rent subsidy has been granted to beneficiaries whose annual net family income for 2003 did not exceed EUR 8,350, to new couples who have been married within the last two calendar years before their application for subsidy if both spouses have been younger than 35 and their income did not exceed EUR 9,150, as well as to aged persons over 60, singles, if their income did not exceed EUR 9,150.

## 5.3 *Tax treatment of benefit*

Not taxable.

## 5.4 *Benefit duration*

The program lasts for one year and the benefit is granted once as a lump sum. This program is repeated each year, upon fulfillment of preconditions set each time.

## 5.5 *Treatment of particular groups*

Provision of financial support from the Special Capital of Solidarity (EKA) of OEK to the long-term unemployed who are unable to pay off their debts to the OEK (debts arising from the grant of housing or from loans). Amount of support: the OEK grants the amount of 6-month instalments.

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A housing allowance in the form of rental subsidy is granted to the lonely uninsured and financially weak elderly persons over the age of 65 as well as to the couples of uninsured and financially weak elderly persons that do not own a house and live in rented housing. This allowance amounts to EUR 146.73 and is paid directly to the owner of the house through the Social Services of the Prefectural Self-Governments of the country.

## 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. The conditions for the payment of the family benefits are the realisation of 50 days of work during the time prior to the application.

### 6.2 Calculation of benefit amount

#### 6.2.1 Calculation of gross benefit (per month)

Family situation	Benefit (in EUR)
General scheme	
1 child	5.87
2 children	17.61
3 children	39.62
4 children	48.13
for each additional child	8.07
plus:	
for each child born after 1 January 1982	2.93
Special allowance for large families	
3rd child (until he/she is 6 years old)	149.63
Families with 4 or more children	37.41
(Life) Pension for a mother with many children	86.05

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 the spouse. The spouse allowance is independent of her employment and/or 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.

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The benefits for the 3<sup>rd</sup> child and for 4 or more children are taxed at 10 per cent separately from other income, and they may be included in the tax return statement and be taxed according to the general provisions of article 9, L. 2238/1994 (par. 4, art. 57, L. 2238/1994).

#### **6.4 Treatment of particular groups**

The benefits are increased in the case that the beneficiary is a widower or has a disabled spouse who is executing his military service.

Maternity Benefits: these are financial provisions that are granted due to maternity to the working women that are not able to claim them from an insurance fund or are uninsured. They are granted for the time period of 6 weeks before birth and 6 weeks after birth and aim at ensuring a satisfactory level of living. The benefits amount to EUR 440.20 (EUR 220.10 before birth and EUR 220.10 after birth).

Program for the support of unprotected children: through this program a monthly benefit of EUR 44.02 is paid to each unprotected child up to the age of 16, on condition that the monthly income of the family with which the child stays does not exceed the amount of EUR 234.78 for a 3-member family (increased by EUR 20.54 for each member after the third).

#### **7. Child-care benefits**

Please refer to family benefits.

In addition please note the following (see annex for supplementary information:

The Workers' Housing Organization (OEE) (Legal Entity of State Law supervised by the Ministry of Labour and Social Security) operates 22 model Day Nurseries, and plans the establishment of 7 more centers. Seven of the OEE Nurseries are located within the prefecture of Attica and fifteen in large provincial cities, in Municipalities having a large workforce. Nurseries in Attica: (in the Municipalities of) Agia Varvara, Aspropyrgos, Ano Liossia, Elefsis, Keratsini, Moshato and Peristeri. Nurseries in Provinces: (in the cities of) Agrinio, Arta, Drama, Igoumenitsa, Ioaninon, Kalamata, Karpenisi, Komotini, Mesologgi, Naoussa, Xanthi, Patra, Salonica, Serres and Trikala.

The nurseries operate in privately-owned buildings of the OEE, built in order to function as spaces of preschool education, observing all the specifications of safety, hygiene and functionality. The total area of buildings amounts to 23 500 square meters. They are situated for the most part on a level with the ground. Their material and technical equipment is in accordance with the standards set by modern pedagogics and serves the pedagogic programs and activities that take place in their premises. They are addressed to children of preschool age, from eight months (at their date of registration and ten at the time of entrance in the nursery) until their school age. They are addressed strictly to children whose parents are beneficiaries of the provisions of the OEE.

During the school year 2001-2002, 1 266 babies-infants were accommodated in the said nurseries and 1 212 babies-infants in the current year. The Day nurseries operate from September to July and 06.45 to 16.00 daily, *i.e.* nine hours and a quarter daily (the nurseries remain closed in August). The accommodated children receive free breakfast, snack and lunch. In addition, they watch theatrical performances or other artistic events both inside and outside the nurseries. Free

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gifts are given to the children at celebrations. The said nurseries occupy 113 educators of biennial, four-year and five-year training and 111 persons as support and administrative personnel (administrator, social worker). The OEE cares to maintain the high level of services in the Nurseries with constant training of educators and renovation of spaces, in collaboration with the most specialized government owned institutions. The operational expenses (catering, miscellaneous, gifts) of the OEE nurseries for the financial year 2002 amounted to the sum of EUR 814 695.29.

## 8. Employment-conditional benefits

None.

## 9. Lone-parent benefits

There is a flat-rate allowance for children who are not supported. Please refer to the family benefits.

## 10. Tax system

### 10.1 Income tax rate schedule

#### 10.1.1 Tax allowances and credits

##### Standard tax reliefs

- *Reliefs for social security contributions*: contributions to public pension funds are not regarded as taxable income.

##### Main non-standard tax reliefs

These reliefs are related to actual expenses incurred, subject to a ceiling.

- 15 percent of the expenses for medical and hospital care up to a maximum amount of EUR 6 000.
- 15 percent of the total annual amount of rent paid for the main residence, provided that the taxpayer does not own a house with an area equal to or larger than the rented house in the same province and that the taxpayer does not receive a rent allowance from the State.
- 15 percent of the expenses incurred by the taxpayer or his children paid to private schools or private language institutes up to a maximum of EUR 1 000.
- 15 percent of the annual mortgage interest on a taxpayer's principal residence on loans obtained as from the 1st of January, 2003. The relief is limited where the financed amount exceeds EUR 200 000.

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- 15 percent of the annual expenses of the household excluding the expenses listed above and expenditures on electricity, water, telephone, food and beverages purchased from supermarkets and some other minor items. The total tax credit can not exceed EUR 75 for both single and married taxpayers. Where both spouses have employment income, the credit is split between them according to their declared income.

#### 10.1.2 *The definition of taxable income*

Gross income minus tax allowances.

#### 10.1.3 *The tax schedule*

**Basic rate schedule**

Income bracket (EUR)	Tax rate (%)
10 000	0
13 400	15
23 400	30
Excess	40

Beginning in 2003, the tax credits previously provided for dependent children have been replaced with a wider band of non-taxable income that is provided to individuals with employment income and dependent children. The non-taxable bracket of income for individuals with dependent children is increased by EUR 1 000 to EUR 11 000 where there is one dependent child, by EUR 2 000 to EUR 12 000 where there are two dependent children, by EUR 10 000 to EUR 20 000 where there are three dependent children and by a further EUR 1 000 for each subsequent dependent child. The subsequent brackets are correspondingly adjusted. It should be noted that a tax credit of EUR 30 is provided for each dependent child of taxpayers with employment income who live at least nine months in certain border areas or specified islands.

#### 10.2 Treatment of family income

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

#### 10.3 *Social security contribution schedule*

The average rate of contributions paid by an employee as a percentage of gross earnings are as follows:

- Social Insurance Organisation (IKA): 9.22 per cent.
- Subsidiary Social Insurance Fund (TEAM): 3.00 per cent.
- Other Funds: 3.68 per cent.

Contributions to IKA are calculated as percentages on the basis of salary (or wages) paid but within the limits specified in the National General Collective Employment Agreement. A cap applies of EUR 27 443.50 per year. However, for individuals who were insured for the first time after 1 January

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1993: IKA contributions are calculated on the basis of the actual total amount of their salaries (wages), independently of the maximum insurance class limit.

As regards insurance contributions in favor of 'IKA-TEAM' (Ancillary insurance fund) their rates have not differentiated. Ancillary insurance bodies in our country currently cover 2,590,000 employees. This number includes mostly salaried employees and certain categories of self-employed, being a very small percentage of the said total. 92% of this number, i.e. 2,383,000 insured persons pay contributions to the said funds amounting to 3% of their gross monthly earnings.

## **11. Part-time work**

### ***11.1 Special benefit rules for part-time work***

An increase of 7.5 per cent is set on the earnings of part-time workers that work for less than 4 hours daily.

This provision aims at supporting those who have few hours of part-time employment and favours the greater participation in the labour market of mainly the young workers and the female workers, for whom this type of employment is the only one possible, due to educational, family or other obligations.

A precondition for the application of this provision is that the part time employed persons receive the determined minimum compensation as provided for by law.

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

None.

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

## **12. Policy developments**

None

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## ANNEX – ADDITIONAL INFORMATION ON NURSERIES

1 438 nurseries of the Ministry of Health represent over 50 per cent of all nurseries. They are over 50 per cent as 1 090 Private Nurseries operate as private enterprises. 1 438 nurseries of the Ministry of Health are complemented with 165 nurseries supervised by the Ministry of Health and funded by the state budget. Charity associations and foundations have also established and operate 39 nurseries of non profit character, certain of which are symbolically subsidized by the state budget. Furthermore, Local Administration Organizations (OTA) have established nurseries and Children Centers (KDAP), structures that are funded by 80 per cent by the European Social Fund and the European Fund of Regional Development, and by the remaining 20 per cent by national participation. Their number is 183, they host 6 159 children in total and are distributed all over the country. Children's age: infants – preschool age – from 3 months to 6.5 years old attend nurseries (till primary school registration) and school children aged 6-12 attend KDAPs. Several KDAPs host 4-5 year old infants. Criteria for children subject to such structures do not actually exist, other than their parents being citizens of the region where KDAP or nursery belongs. Parents do not pay any boarding fees.

State nurseries established by the Ministry of Health and Welfare have gone under Local Administration Organizations (OTA) *ex officio*, and are currently operating as municipal and communal Legal Entities of Public Law, according to article 203, P.D. 410/95 (Municipal and Communal Code). Ministerial Resolution No. 16065/2002 has been rendered by the Ministers of Interior Affairs, Public Administration & Decentralization and Health & Welfare, which forms a model Regulation for Operation of the said Legal Entities.

According to the said Resolution, infant schools host 6 month to 2.5 year olds, nursery schools host 2.5 year olds till their primary school registration. There are also nurseries that host children from 6 months old till their primary school registration.

Same resolution also provides that the Management Board of the Legal Entity may determine same criteria for the payment of monthly board fees by the hosted children's families, in accordance with their financial situation.

At the same time, 165 nurseries supervised by the Ministry of Health (PIKPA, EOP, MITERA and Nursery Foundations in Athens, Thessaloniki and Larisa) are transferred to the related municipalities and communities and shall further on operate as municipal and communal Legal Entities of Public Law. Their operation shall be governed by the above mentioned model Regulation of Operation.

Up to the fulfillment of transfer to OTA, parents pay boarding fees as follows:

Family income (in EUR)	Boarding fees (in EUR)*
Up to 5 898.41	Free of charge
5 868.41 – 8 804.11	20.54
8 804.11 – 11 738.81	26.41
11 738.81 – 14 673.51	35.22
14 673.51 – 17 608.22	44.02
17 608.22 – 20-542.92	52.82
Over 20 542.92	64.56

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\* For the 2<sup>nd</sup> child, half fees are paid

Families with more than 3 children and disabled parents (over 67 per cent) are released from the obligation of payment of boarding fees, for income up to EUR 20 542.92.

For over EUR 20 542.92, EUR 20.54 is paid for the 1<sup>st</sup> child and EUR 10.27 for any next child. In 2003, Local Administrations have been subsidized for their legal entities of L. 2880/2003, with an amount of 153,255,818.60€. Their subsidy for the Legal Entities and Services of Law 3106/2003, including Children and Infant Stations, amount to 12,406,206.00€.

### **Taxation treatment of childcare expenses**

From the tax deriving from the tax scale of the taxpayer's total income, the following amounts are deducted: 15% of the total annual sum of family expenses for the purchase of consumer goods and services, if at least one spouse has an income from salaries or pensions: the amount of tax deduction may not exceed 75 € for both spouses (case d, par. 3, art. 9, L. 2238/1994). Expenses for children and infant centers are included in the family expenses for the purchase of services.