THE OECD TAX-BENEFIT MODEL FOR GREECE

Description of policy rules for 2020
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Preface

The **OECD Tax-Benefit model** (**TaxBEN**) incorporates detailed policy rules for tax liabilities and benefit entitlements as they apply to individual families across OECD member countries. Its main use is to calculate the amount of taxes that people are liable to pay, and the government transfers they are likely to receive, in different family and labour-market situations. The model includes legal policy rules that are relevant for people of **working age** (from 18 years old until the statutory retirement age) and their dependent children. Income tax liabilities and benefit entitlements are calculated for a broad set of **stylised** families (“vignettes”, e.g. a married couple of 40 years old adults with two children aged 4 and 6 respectively). Model users are free to change many of these characteristics, including the age and number of children, activity status of adult members, hours of work, current and past earnings levels, unemployment duration, social contribution records, and housing-related costs. The model has been updated annually since the early 2000s for most OECD countries.

**TaxBEN**’s policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits and support for non-parental childcare are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the taxes and benefits that are included in the model and focuses on the rules that are relevant for family, individual and labour-market circumstances that are within its scope. The **Annex** provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but which are not included in the **TaxBEN** model.

Reading notes and further details on the scope and content of this report

- The **reference date** for policy rules described in this report is **1 January 2020**.
- **Guidelines for completing and updating this report** are provided [here](#).
- Further information on the model, model results, and references to reports and analytical uses is available on the [project website](#). A [methodology](#) document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol ![image](image.png) in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: ![variable name](image.png), for instance: ![AW](image.png) for the average wage.
- COVID-related measures are provided in **blue font**. These measures have been introduced after the reference policy date, 1 January 2020, and are not included in the model.
- Sickness benefits and Short-time work schemes described in Sections 9 and 10 are not included in the model.
1. Reference wages and other reference amounts

Average wage \([\text{AW}]\): The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available [here])\(^1\). If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth\(^2\) to the latest available wage estimate.

Since February 2019, the minimum wage for workers bound by a working relationship in the private sector is set as follows:

- for white collar workers EUR 650.00 per month
- for blue collar workers EUR 29.04 per day.

The sub-minimum wage for people under 25 was abolished.

In the model, the minimum wage \([\text{MIN}]\) for blue-collar worker is used. The annual minimum wage is computed by:

(i) converting minimum daily wage (as of 1 January 2020) into monthly wage, and
(ii) multiplying it by 14 (Easter and Christmas bonuses are included).

Thus, the annual minimum wage is EUR 29.04 * 365/7*5/12 * 14 = EUR 8 833.00.

2. Unemployment benefits

This section covers payments to unemployed individuals. Section 2.1. describes unemployment insurance benefit. Sections 2.2. to 2.4. cover unemployment assistance benefits for different groups of unemployed. Annex contains information on unemployment benefit for self-employed and freelancers, special aid for seasonal workers, and unemployment benefit due to refrain from work (not simulated in the model).

Section 10. provides information on short-time work schemes intended to protect employees during temporary work suspension or reduction of working hours. Section 10.2. describes a special purpose allowance to employees whose contract was terminated introduced due to Covid-19 (see). This allowance can also be considered an unemployment benefit as employment contracts in this case are no longer valid.

2.1. Unemployment insurance benefit (Τακτική Επιδότηση Ανεργίας)

Variable names: \([\text{UI}_p; \text{UI}_s]\)

This is an unemployment insurance benefit. It is contributory, not means-tested and taxable (under certain conditions). \(\square\)

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1 Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

2 Wage growth projections are based on OECD Economic Outlook and EU economic forecasts (for non-OECD countries).
2.1.1. **Eligibility conditions**

**Age:** 15+

**Contribution/employment history:** The persons applying for the benefit for the first time must have worked for at least 80 days per year in the last two years prior to their application and should also have:

- at least 125 days of employment in the last 14 months prior to applying for the benefit, or
- at least 200 days of employment in the last 2 years prior to the dismissal.

The last two months prior to the commencement of unemployment are not taken into consideration in the calculation of these working days.

Conditions are slightly different (more favourable) for persons applying for any subsequent time and for employees in the tourism sector or seasonal workers (*not modelled*).

**Behavioural requirements and related eligibility conditions:** The benefit claimant should satisfy the following conditions:

- be capable of and available for work;
- be unemployed unwillingly;
- have registered with an employment agency;
- not receive a pension equal to or larger than the minimum pension granted by the EFKA (i.e. the Unified Social Security Institution, which has integrated all social security funds);
- not be self-employed.

**TaxBEN** assumes that these compulsory conditions are satisfied when simulating unemployment benefits.³

2.1.2. **Benefit amount**

The basic unemployment benefit equals 55% of the minimum daily wage of the blue-collar worker, i.e. EUR 29.04 * 55% = EUR 15.97 per day. The benefit is paid for 25 days per month. Thus, the monthly basic unemployment benefit is EUR 15.97 * 25 = EUR 399.25 per month.

The benefit amount also depends on the previous earnings:

- For the unemployed who were employed in a full-time job or whose monthly wages were higher than the twelve-fold of the daily minimum wage of the unskilled worker (i.e. EUR 29.04 * 12 = EUR 348.49 per month), the basic unemployment benefit is paid in full (i.e. EUR 399.25 per month).
- For the unemployed who were NOT employed in a full-time job and whose monthly wages were lower than or equal to the six-fold of the daily wage of the unskilled worker (i.e. EUR 29.04* 6 = EUR 174.25 per month), 50% of the basic unemployment benefit is paid (*not modelled*).
- For the unemployed who were NOT employed in a full-time job and whose monthly wages were higher than the six-fold and lower than or equal to the twelve-fold of the daily wage of the unskilled worker (i.e. between EUR 174.25 and 348.48 per month), 75% of the basic unemployment benefit is paid (*not modelled*).

The benefit increases by 10% for every dependant family member of the beneficiary.

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³ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see *Immervoll and Knotz (2018)*, *Langenbucher (2015)* and *Venn (2011)*.
2.1.3. Benefit duration

The benefit is paid after a waiting period of six days (not modelled).

The period during which the unemployment benefit is being paid depends upon the contribution record the applicant establishes before becoming unemployed and varies between 5 and 12 months, as follows:

<table>
<thead>
<tr>
<th>Days of employment* (during 14 month period)**</th>
<th>Duration (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>125-149 (or 200 in the 2-year period)</td>
<td>5</td>
</tr>
<tr>
<td>150-179 (or 250 in the 2-year period)</td>
<td>6</td>
</tr>
<tr>
<td>180-219 (or 300 in the 2-year period)</td>
<td>8</td>
</tr>
<tr>
<td>220-249</td>
<td>10</td>
</tr>
<tr>
<td>250 or more (210 or more if 49+ years old; or 4050 for the whole work history)</td>
<td>12</td>
</tr>
</tbody>
</table>

* Days of employment are converted into calendar months assuming that people usually work 25 days per month.
** The condition during the 14 months period is included in the model; alternative conditions are not modelled.

Different duration rules apply in the tourism sector (not modelled).

Within the four year period one cannot receive more than 400 daily benefits.

Due to Covid-19 emergency, the payment of unemployment insurance benefit is extended by 2 months for those whose entitlement ends in the period from 1 January to 30 September 2020. This extension can be received only once.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

The unemployment benefit is tax exempt on condition that the sum of the taxpayer’s other taxable income does not exceed EUR 10 000 annually.

2.1.6. Interactions with other components of the tax-benefit system

Included in the means test for Guaranteed Minimum Income.

2.1.7. Combining benefit receipt and employment/starting a new job

The payment of the benefit is suspended if the claimant takes up a new post or is not capable of and available for work (illness) or in case there is an income from commercial businesses or liberal professions and can be continued when any of the above reasons has ceased to exist.

The period of unemployment has to be continuous with some exceptions. After the claimant’s request, a continuous period of unemployment can be recognized if the total duration of the spell was broken by less than 70 consecutive days within a period of 12 months. The days that the spell was broken are not counted towards the duration of the unemployment spell.
2.2. Unemployment benefit for long-term unemployed (Επίδομα Μακροχρονίως Ανέργων)

Variable names: [UA1_p; UA1_s]

This is an unemployment assistance benefit in force from 1 January 2014. It is contributory, means-tested and taxable (under certain conditions). The aim of this benefit is to provide financial assistance to long-term unemployed.

2.2.1. Eligibility conditions

Age: 20-66 years old.
Nationality: It is granted only to EU nationals.
Other conditions: The unemployed who have received and exhausted the unemployment insurance benefit for 12 months can apply for the benefit for long-term unemployed within 2 months after the expiration of the unemployment insurance benefit. Applicants must be registered with the OAED (Manpower Employment Organization) for a minimum of 12 months.

2.2.2. Benefit amount

The benefit amounts to EUR 200 per month.

2.2.3. Benefit duration

The benefit is paid for twelve months maximum.

Due to Covid-19 emergency, the payment of unemployment benefit for long-term unemployed is extended by 2 months for those whose entitlement to the unemployment benefit for long term unemployed ends in the period from 1 January to 30 September 2020. This extension can be received only once.

In addition, due to Covid-19, approximately 168 000 long-term unemployed registered in OAED for a period of 12 to 24 months as of April 2020 and not in receipt the unemployment benefit for long-term unemployed, were entitled to a special lump-sum support equal to EUR 400.

2.2.4. Means test

The annual family income must not exceed the amount of EUR 10 000 (increased by EUR 586.08 for each dependent child under the age of 18).

2.2.5. Tax treatment

For unemployment assistance allowances there is no concrete fiscal legislation regarding their taxation. All unemployment benefits are tax exempt on condition that the sum of the taxpayer’s other taxable income does not exceed EUR 10 000 annually (see Section 2.1.5).

2.2.6. Interactions with other components of the tax-benefit system

Included in the means test for the Guaranteed Minimum Income.
2.2.7. Combining benefit receipt and employment/starting a new job

Taking up a new post automatically means that the benefit is terminated.

2.3. Special aid after the end of payment of the unemployment allowance

(Ειδικό βοήθημα μετά τη Λήξη της Τακτικής Επιδότησης Ανεργίας)

Variable names: [UA2_p; UA2_s]

This is an unemployment assistance benefit. It is contributory, means-tested and taxable (under certain conditions).

2.3.1. Eligibility conditions

Age: No age condition

Other conditions: The unemployed is not employed following the end of payment of the unemployment benefit. The unemployed remains unemployed one month after the end of the unemployment benefit. Beneficiaries of the long-term unemployment benefit cannot receive the special allowance after the end of the unemployment benefit.

2.3.2. Benefit amount

The benefit is a lump sum payment that amounts to 13 daily unemployment benefits (see Section 2.1.2. for 3 different daily benefit levels). In the model, the full daily unemployment benefit is modelled, thus the lump sum benefit is EUR 15.97 * 13 = EUR 207.61. There is no increase for dependents.

2.3.3. Benefit duration

This is a lump sum payment paid only once.

2.3.4. Means test

For benefit recipients in 2020, the annual family income for the previous year (2019) must not exceed a fixed amount of EUR 11,738.81. The amount of the annual family income is raised by EUR 293.47 each calendar year.

2.3.5. Tax treatment

See Section 2.2.5.

2.3.6. Interactions with other components of the tax-benefit system

Included in the means test for the Guaranteed Minimum Income.

2.3.7. Combining benefit receipt and employment/starting a new job

The beneficiary has to be unemployed up to the date of application. Following that date, taking up employment is irrelevant since it is a lump sum payment.

2.4. Special aid for unemployed after a three-month registration

(Ειδικό βοήθημα μετά από τρίμηνη παραμονή στο Μητρώο Ανέργων)

Variable names: [UA3_p; UA3_s]
This is an unemployment assistance benefit. It is contributory, means-tested and taxable (under certain conditions).

2.4.1. Eligibility conditions

**Age:** No age condition.

**Other conditions:** The benefit is paid to the unemployed who do not have the prerequisites for a regular benefit but have worked for at least 60 days in the year prior to that in which they registered with the OAED. These persons must remain unemployed (registered with the OAED) for 3 months.

2.4.2. Benefit amount

The benefit amounts to 15 basic daily unemployment benefits, i.e. EUR 15.97 * 15 = EUR 239.55 per month. There is a supplement of 10% for each dependent family member.

2.4.3. Benefit duration

The beneficiary may receive the special aid up to three times in the same calendar year if the conditions for the payment of the special aid are met more than once in the same calendar year. The sixty-day wage condition is required only for the first payment of the benefit within the same calendar year.

2.4.4. Means test

For benefit recipients in 2020, the annual family income for the previous year (2019) must not exceed a fixed amount of EUR 11,738.81. The amount of the annual family income is raised by EUR 293.47 each calendar year.

2.4.5. Tax treatment

See Section 2.2.5.

2.4.6. Interactions with other components of the tax-benefit system

Included in the means test for the Guaranteed Minimum Income.

2.4.7. Combining benefit receipt and employment/starting a new job

Taking up a new post automatically means that the benefit is terminated.
Figure 1. Unemployment insurance benefit

40-year old single or couple with or without children

Panel A: Benefit amount by family type

Panel B: Benefit duration by employment record

Note: The figure shows unemployment benefit of the first adult. In a couple, the second adult is assumed to be out of work and not eligible for unemployment benefits. Spouse and children are considered as dependants in the calculation of the unemployment benefit of the first adult. Benefit amount remains the same throughout its duration. Panel A assumes that the first adult has employment record of at least 5 months and previously worked full time. In Panel B, employment record increases from 0 to 16 months by 1 full month (25 working days); smaller increases are not considered.

Source: OECD Tax-Benefit Model.
Figure 2. Unemployment insurance and assistance benefits

40-year old single person without children

Note: The figure shows amounts and duration of unemployment insurance and assistance benefits received by a person with different past employment records. Six cases (3, 5, 7, 8, 9, and 10 months of previous employment record) are selected to show different outcomes. Persons with contribution record below 60 working days (approx. 2.4 months) are not eligible to unemployment insurance and assistance benefits. 
Source: OECD Tax-Benefit Model.
3. Social assistance and housing benefits

3.1. **Social Solidarity Income** (Κοινωνικό Εισόδημα Αλληλεγγύης - KEA), since February 2020 renamed **Guaranteed Minimum Income** (Ελάχιστο Εγγυημένο Εισόδημα)

Variable name: [SA]

Introduced in February 2017.

The Guaranteed Minimum Income (GMI) is a welfare program that combines: i) Income support, ii) Complementary social services and iii) Actions for integration and reintegration into the labour market. The program is used to “top up” other income sources. It is non-contributory, means-tested and not taxable.

3.1.1. **Eligibility conditions**

(a) **One-person household**: a single adult who is residing or staying alone in a dwelling and does not fall within the category of adults up to 25 years attending school, university, or an institution for vocational education and training in Greece or abroad.

(b) **Multi-person household**: all individuals living under the same roof. Multi-person households include adult children up to 25 years of age attending school, university, or an institution for vocational education and training, regardless of their place of residence.

(c) **Homeless people**: people who are homeless or living in inadequate housing may be beneficiaries of the program, provided they are registered *(not modelled)*.

3.1.2. **Benefit amount**

The guaranteed amount of the monthly benefit shall be as follows: EUR 200 for single person households, increased by EUR 100 for each additional adult member of the household and by EUR 50 for each additional minor member (up to 18 years old) with the maximum of EUR 900 per month per household.

In single parent households, for the purposes of calculating the guaranteed amount, the first unprotected child is counted as an adult.

Due to Covid-19, an additional income support was granted to all households with at least one minor member receiving GMI in May: EUR 100 for the first minor and EUR 50 for each additional minor (maximum EUR 300 per household). This additional lump-sum support was granted once in May 2020.

3.1.3. **Benefit duration**

Since November 2018, the cash benefit is paid for six months from the date of first payment (previously 12 months). After the lapse of the above period, the beneficiary is required to resubmit an application for inclusion in the program. In the model, it is assumed that a person resubmits application.

Due to Covid-19, the right to GMI was extended unconditionally by two months for all applications expiring in March, April and May. Beneficiaries were informed through sms/e-mail on changes regarding the status of their applications. The goal was twofold. On the one hand, preventing the attendance of beneficiaries in the local community services in order to reapply for the benefits and thus avoid any exposure to the virus and its further
dispersal. On the other hand, ensure that beneficiaries, that might face difficulties providing the necessary supporting documents in order to apply, will not stop receiving the income support when most needed.

3.1.4. Means test

The actual total of all the incomes from any source in Greece or abroad, before taxes, after social security contributions, which has been received by all household members, in the six months prior to application to the Guaranteed Minimum Income. The total reported income includes all allowances, other subsidies, and any income exempt from taxes or taxed in a special way with the exceptions referred to below.

The reported income does not include the foster care allowance, the unemployment training programs payment (since November 2018) as well as the non-contributory disability benefits provided by the State (not covered by the model).

20% of income from employment (after social security contributions) is disregarded in the income test.

The reported income of the household, as calculated for eligibility purposes, in the six last months prior to submission of the application, cannot exceed six-times the amount of the guaranteed amount for each type of household.

Asset tests also apply to movable and immovable property, bank deposits (not modelled).

3.1.5. Tax treatment

The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system

The benefit is not included in the income test for any other benefit.

3.1.7. Combining benefit receipt and employment/starting a new job

Since November 2018, the temporary earnings disregards for taking up a new employment are replaced by a new approach: For the “reference period” of six months the amount of income support is fixed. Taking up employment during the “reference period” does not affect the amount of the benefit. After the benefit is reassessed, employment income from the new employment is included in the income test as described in Section 3.1.4.

In the model, when a transition into work occurs, it is assumed that a person has just started a period of receipt of social assistance, thus, his or her earnings are ignored for the first six months in the new job.
Figure 3. Guaranteed Minimum Income

40-year old single or couple with or without children

**Panel A: Maximum benefit amount by family type**

**Panel B: Benefit amount by earnings**

*Note*: Results assume no receipt of child allowance, unemployment benefits or other benefits, which are usually included in the means test for guaranteed minimum income. Panel A shows maximum benefit amount for a jobless family with no income. Panel B shows the reduction in benefit amount if a family has earnings from work. 45° line shows how the benefit for a single person without children would decrease if the benefit would have been reduced by 1 Euro for every Euro earned.

*Source*: OECD Tax-Benefit Model.
3.2. Housing Benefit (Επίδομα Στέγασης)

Variable name: [HB_RA]

Introduced in March 2019. *(Implemented in the model in 2020.)*

The Housing Benefit is a welfare program aiming to help low-income households who live in rented primary residences to meet their housing costs. The program is non-contributory, means-tested and not taxable.

3.2.1. Eligibility conditions

(a) **One-person household:** a single adult who is residing or staying alone in a dwelling and does not fall within the category of adults up to 25 years attending school, university, or an institution for vocational education and training in Greece.

(b) **Multi-person household:** all individuals living under the same roof. Multi-person households include adult children up to 25 years of age attending school, university, or an institution for vocational education and training, regardless of their place of residence.

3.2.2. Benefit amount

The guaranteed amount of the monthly benefit shall be as follows: EUR 70 for single person households, increased by EUR 35 for each additional member of the household with the maximum of EUR 210 per month per household.

In single parent households, the amount is increased by EUR 35 per month.

The benefit cannot be higher than the rent.

3.2.3. Benefit duration

The cash benefit is paid for six months from the date of first payment. After the lapse of the above period, the beneficiary is required to resubmit an application for inclusion in the program.

**Due to Covid-19, the right to GMI was extended unconditionally by two months for all applications expiring in March, April and May.**

3.2.4. Means test

The actual total of all the incomes from any source in Greece or abroad, before taxes, after social security contributions, which has been received by all household members, as stated in the last tax declaration. The total reported income includes all allowances, subsidies, and any income exempt from taxes or taxed in a special way with the exceptions referred to below.

The reported income does not include the child benefit, the foster care allowance, the unemployment training programs payment as well as the non-contributory disability benefits provided by the State. Social Solidarity Income (Guaranteed Minimum Income) is also not included.

If the reference income exceeds the income threshold (see the maximum benefit amount per family described in Section 3.2.2.), the benefit is not paid.

Asset tests also apply to movable and immovable property, bank deposits. In the model, the asset test is assumed to be met.
3.2.5. *Tax treatment*

The benefit is not taxable.

3.2.6. *Interaction with other components of the tax-benefit system*

The benefit is not included in the income test for any other benefit.

3.2.7. *Combining benefit receipt and employment/starting a new job*

The benefit can be combined with earnings from work, but the benefit is not paid if family income exceeds the income threshold.

For the “reference period” of six months the amount of housing benefit is fixed. Taking up employment during the “reference period” does not affect the amount of the benefit. After that, the benefit is reassessed and employment income from the new employment can be included in the income test. In practice, the income test is based on the last tax declaration. Therefore, taking up employment does not affect the benefit, until the next tax declaration is submitted and the income from the employment is declared.

In the model, it is assumed that the authorities have the most recent information on beneficiary’s income without any delay. When a transition into work occurs, it is assumed that a person has just started a period of receipt of housing benefit, thus, his or her earnings are ignored for the first six months in the new job. After that, the benefit is re-assessed taking into account new employment income.
Figure 4. Housing benefit

40-year old single or couple with or without children

Note: Results assume no receipt of child allowance, unemployment benefits or other benefits, which are usually included in the means test for housing benefit. Rent is assumed to be 20% of average wage for all family types. Panel A shows maximum benefit amount for a jobless family with no income. Panel B shows the reduction in benefit amount if a family has earnings from work.

Source: OECD Tax-Benefit Model.
4. Family benefits

4.1. Child allowance (Επίδομα Παιδιού)

Variable name: [FB_scsa]

This is a non-contributory benefit, means-tested and not taxable. The benefit was introduced in 2018 and replaced Single child support allowance (ΕΝΙΑΙΟ ΕΠΙΔΟΜΑ ΣΤΗΡΙΞΗΣ ΤΕΚΝΩΝ).

4.1.1. Eligibility conditions

The allowance is granted to families for every child up to 18 years old or 19 years old if enrolled in secondary education (up to 24 years old if enrolled in compulsory or higher education).

4.1.2. Benefit amount

The benefit amount depends on the number of the dependent children and the category of the equivalent family income (see Section 4.1.4).

For the first income category:
- EUR 70 per month for the first dependent child
- An extra EUR 70 per month for the second dependent child
- An extra EUR 140 per month for the third and every other dependent child beyond the third

For the second income category:
- EUR 42 per month for the first dependent child
- An extra EUR 42 per month for the second dependent child
- An extra EUR 84 per month for the third and every other dependent child beyond the third

For the third income category:
- EUR 28 per month for the first dependent child
- An extra EUR 28 per month for the second dependent child
- An extra EUR 56 per month for the third and every other dependent child beyond the third

4.1.3. Benefit duration

As long as the eligibility conditions are met.

4.1.4. Means test

The amount of the allowance depends on equivalent family income. The following equivalence scale is applied:

<table>
<thead>
<tr>
<th>Household member</th>
<th>Equivalence Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult</td>
<td>1</td>
</tr>
<tr>
<td>Partner</td>
<td>1/2</td>
</tr>
<tr>
<td>Child</td>
<td>1/4</td>
</tr>
</tbody>
</table>

In single parent households, the first unprotected child is counted as an adult.

The benefit amount depends on the income category of the family:
<table>
<thead>
<tr>
<th>Categories</th>
<th>Income limit (EUR per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Up to 6 000</td>
</tr>
<tr>
<td>2</td>
<td>6001 - 10000</td>
</tr>
<tr>
<td>3</td>
<td>10001 – 15000</td>
</tr>
</tbody>
</table>

Reference income is taxable family income after social security contributions.

4.1.5. *Tax treatment*

The benefit is not taxable.

4.1.6. *Interaction with other components of the tax-benefit system*

Included in the income test for the Guaranteed Minimum Income.

4.1.7. *Combining benefit receipt and employment/starting a new job*

The benefit is reduced if family income exceeds the thresholds.
Figure 5. Child allowance

40-year old single or couple with children

**Panel A: Maximum benefit amount by family type**

**Panel B: Benefit amount by earnings**

*Note:* Panel A shows maximum benefit amount for a jobless family with no income. Panel B shows the reduction in benefit amount if a family has earnings from work.

*Source:* OECD Tax-Benefit Model.
5. **Net costs of Early Childhood Education and Care**

The **reference date** for the policy rules described in this section is **1 January 2020**.

In Greece, early childhood education and care is organized in:

A. **Child** (*Paidikoi*), **Infant** (*Vrefikoi*) and **Infant/Child Centres** (*VrefonipiakoiStatthmoi*) within the competence of Municipalities (Ministry of Interior);

B. **Private pre-school education and care centres**, within the competence of the Ministry of Labour, Social Insurance and Social Solidarity;

C. **Pre-primary Schools** (*Nipiagogeia*), public and private, within the competence of the Ministry of Education, Research and Religious Affairs.

The Municipal authorities are responsible for the establishment and operation of municipal Infant, Child and Infant/Child Centres. These centers operate either within a municipality as a municipal service or within the legal entities of municipalities. **Infant and Infant/Child Centers** accommodate children from 2 months up to the age of compulsory education, i.e. at the age of 4; **Child Centres** - from 2.5 years up to the age of compulsory education, i.e. 4. These Centres may require board fees on a monthly basis, depending on the economic status of the family. The childcare fees are laid down either by the Municipal Council or by the Management Board of the Legal Entity according to the **Standard Procedural Regulation of Municipal child centers and infant/child centers**” (OG 4249/B/15.12.2017). The typical working hours of municipal child, infant and infant/child centres are from 7:00 to 16:00. They run from 1 September to 31 July of the following year, i.e. an operation period of 11 months.

Pre-primary schools is compulsory for 5-year-olds since 2006. Over the span of the next few years, pre-school education will become compulsory also for 4-year-old children in all municipalities of the country (in 2019-2020 it is not yet compulsory in Athens). Six-year-old pupils enroll in compulsory primary education. Pre-primary and primary education is free of charge.

In addition to public and private childcare facilities, the Manpower Employment Organization (OAED) is responsible for providing childcare facilities to working people through its day nurseries. The OAED operates 25 day nurseries, of which 8 are located in the Prefecture of Attica and 17 in other Regions. Their working hours are from 6.45 a.m. to 16.00 p.m., from September to July (closed in August). The OAED day nurseries cater for preschool children (from eight months to the school age) whose parents are entitled to OAED benefits and allowances. The Organization’s selection criteria are both social (families with more than three children, orphans, children of single-parent families, disabled children) and economic (children of low-income parents are prioritized).

The model assumes a family residing in Athens and covers children from 1 up to 4 years old, i.e. compulsory pre-primary and primary education is not covered. Children are attending public childcare facilities.

### 5.1. **Gross childcare fees**

**Variable name:** [GCCC_cost]

**Subsistence expenses**

Based on the Standard Operating Regulations of Municipal Childcare Centers - Nurseries (O.G. 4249/5-12-2017), the Municipal Council may define the criteria for charging the payment of monthly financial contributions (subsistence expenses) to the families of
children accommodated in such facilities, depending on their financial circumstances. In case financial contributions are required, they should be reasonable and symbolic. The same decision of the Administrative Board or of the Municipal Council defines the exemption cases from the payment of subsistence expenses or cases where the amounts may be reduced.

As representative of subsistence expenses, these are three examples of the largest municipalities:

The fees for public centers in the municipality of Athens (2020):

The Management Board Act of the Municipal Nursery of Athens lays down the child care fees to be charged to parents for their children attending child centers of the Municipal Nursery of Athens, based on the family income and the number of children in the same family, as follows:

<table>
<thead>
<tr>
<th>Family Income (EUR per year)</th>
<th>1 child (EUR per month)</th>
<th>2 children (EUR per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 20 000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20 001 – 25 000</td>
<td>55</td>
<td>75</td>
</tr>
<tr>
<td>25 001 – 30 000</td>
<td>65</td>
<td>95</td>
</tr>
<tr>
<td>30 001 – 35 000</td>
<td>95</td>
<td>125</td>
</tr>
<tr>
<td>35 001 – 40 000</td>
<td>115</td>
<td>160</td>
</tr>
<tr>
<td>40 001 – 50 000</td>
<td>140</td>
<td>180</td>
</tr>
<tr>
<td>50 001 – 75 000</td>
<td>165</td>
<td>210</td>
</tr>
<tr>
<td>75 001 – 100 000</td>
<td>190</td>
<td>235</td>
</tr>
<tr>
<td>100 001 – 200 000</td>
<td>260</td>
<td>330</td>
</tr>
<tr>
<td>200 001 – 300 000</td>
<td>330</td>
<td>400</td>
</tr>
<tr>
<td>300 001 and more</td>
<td>400</td>
<td>500</td>
</tr>
</tbody>
</table>

Note: Family income is defined as gross taxable income (see Section 8.1.2).

Moreover, families with incomes over EUR 30 001 pay reduced fees if they belong to the following categories:

- The family has a disabled child with a minimum rate of invalidity of 35% or a disabled parent with a minimum rate of invalidity of 50% (not covered in the model)
- Single parent families, widows/widowers, divorced parents
- Families with three children.

In these cases the fees are based on the following table:
Families are exempted from financial participation in the following circumstances:

- Families with a family income of up to EUR 20 000.
- Families having an income up to EUR 30 000 with a disabled child with a minimum rate of invalidity of 35% or a disabled parent with a minimum rate of invalidity of 50%.
- Large families* regardless of their total income.
- Single parent families, widows/widowers, divorced parents, with an income up to EUR 30 000.
- Families with three children with an income up to EUR 30 000.
- In the case of a third child attending the centre, an exemption from the fees charged to parents applies for the third child.

Note: * Large families are families with at least 4 children (up to 23 years old or 25 years old if in education). A parent without a spouse (or a parent with disability) is considered a large family if he/she has at least 3 children.

**Thessaloniki:**

The Municipal Council Decision no 920/2017 is defining the childcare fees charged to parents per month, as follows (EUR per month):

<table>
<thead>
<tr>
<th>Family Income (EUR per year)</th>
<th>1 child (EUR per month)</th>
<th>2 children (EUR per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 30 000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>30 001 – 35 000</td>
<td>50</td>
<td>65</td>
</tr>
<tr>
<td>35 001 – 40 000</td>
<td>60</td>
<td>75</td>
</tr>
<tr>
<td>40 001 – 50 000</td>
<td>70</td>
<td>100</td>
</tr>
<tr>
<td>50 001 – 75 000</td>
<td>100</td>
<td>135</td>
</tr>
<tr>
<td>75 001 – 100 000</td>
<td>120</td>
<td>170</td>
</tr>
<tr>
<td>100 001 – 200 000</td>
<td>150</td>
<td>190</td>
</tr>
<tr>
<td>200 001 – 300 000</td>
<td>175</td>
<td>220</td>
</tr>
<tr>
<td>300 001 and more</td>
<td>200</td>
<td>250</td>
</tr>
</tbody>
</table>

Upon, the pre-mentioned Municipal Council Decision, the following categories are entitled to 50% reduction in the fees:

1. The children in large families with at least four children (L.860/79)
2. Children of single parent families
3. Children of those fulfilling military services
4. Children of deprived students (both parents)

The amount of the fees to be paid, after the reduction, is presented in the table below as follows:
The following categories of children are fully exempted from paying the fees:

a) Orphans who have lost both parents  
b) Children of large families who have lost one parent  
c) Children of foster families determined by the Municipal Nursery “Agios Stylianos” for the duration of the foster care.

**Patras:**

The child care fees to be charged to parents are fixed by decision of the Management Board of the Legal Entity of the town of Patra (Koinonikos Organismos), per category (family income), as follows:

<table>
<thead>
<tr>
<th>Family income (EUR per year)</th>
<th>1st child (EUR per month)</th>
<th>2nd child (EUR per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 25,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>25,001 - 30,000</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>30,001 - 40,000</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>40,001 - 50,000</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>50,001 or more</td>
<td>150</td>
<td>75</td>
</tr>
</tbody>
</table>

Special provisions have been made for special categories, as follows:

- Families in poverty, large families or families which have a member with a degree of disability of over 67%.

<table>
<thead>
<tr>
<th>Family Income (EUR per year)</th>
<th>1st child (EUR per month)</th>
<th>2nd child (EUR per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 25,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>25,001 - 30,000</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>30,001 - 40,000</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>40,001 - 50,000</td>
<td>120</td>
<td>60</td>
</tr>
<tr>
<td>50,001 or more</td>
<td>150</td>
<td>75</td>
</tr>
</tbody>
</table>

- Large families or families with a disabled member (parents, children) with a degree of disability of over 67% or cancer patients or patients with chronic diseases, having an annual family income not exceeding EUR 50,000.00 are exempted from the payment of child care fees. However, they have to present a certification issued by the local insurance agency to which they belong or by the primary medical committee.

- The staff employed in the legal entity (permanent staff, staff employed under contracts of an indefinite duration, or staff employed under private law fixed term contracts) are exempted from the payment of child care fees.
• Municipal staff having an annual family income over EUR 25 001.00 are charged
  with a monthly fee of EUR 40.

• The staff employed in the University of Patras are entitled to a reduction of 10% in the 14th Municipal Child Centres of the Municipality of Patras.

It is worth mentioning that according to relevant legislative provisions, parents were exempted from daycare fees to be paid to municipal nurseries and childcare centers during the suspension of the operation of such facilities due to measures taken to stop the spread of COVID-19 pandemic.

Additional funding (paid directly to childcare facilities) is provided through the project “Harmonization of Family and Professional Life”. See description in Annex.

5.1.1. Discounts for part-time usage

None.

5.2. Child-care benefits for formal centre-based care

Variable name: [cc_benefit]

None.

During Covid-19 emergency, a special 15-day parental leave has been introduced for working parents (both in the public and private sector) to cover childcare needs arising from the closure of childcare facilities. The costs of the leave are shared between the state, the employee and the employer. Only one parent per family can apply for special leave, and only if both parents are employed (unless medical reasons do not allow the unemployed parent to care for the child). Out of any four days of leave taken, three will be considered as special leave, whilst one will be counted towards the employee’s annual leave. For two days of the special leave, the employer is required to grant the employee remuneration, while a third day will be covered by the State. For the fourth day, the employee is entitled to payment for annual leave.

Independently or in addition to the special parental leave, working parents of school-age children (in agreement with their employer) can reduce their working hours up to 25% until the end of the 2019/2020 school year while maintaining their wage. They have to agree with their employer to work these extra hours/days in different moments during the year.

5.3. Child care allowance for children not using child care centers

None.

5.4. Tax concessions for childcare expenditures

None.
Figure 6. Childcare fees paid by parents

40-year old single or couple with children (Athens)

Panel A: Single

Panel B: Couple

Note: A family is assumed to live in Athens. Both parents are working full time and use public childcare for all children for a full day. Children are 2, 3, and 4 years old. In a couple, the second adult earns 67% of the average wage. Horizontal axis shows gross earnings of the first adult. A single parent with 3 or more children and a couple with 4 or more children are exempt from childcare fees.

Source: OECD Tax-Benefit Model.

6. In-work benefits

There are no in-work benefits in Greece.
7. Social security contributions and payroll taxes

7.1. Social security contributions (Εισφορές Κοινωνικής Ασφάλισης)

Variable names: [SOCSEC_1; SOCSEC_2; SSCR_1; SSCR_2]

On 1 January 2020, the average contributions rate (%) paid by employees and employers to social insurance bodies is calculated on their gross income as follows:

<table>
<thead>
<tr>
<th></th>
<th>Insured person</th>
<th>Employer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unified Social Security Institution (EFKA)</td>
<td>9.22</td>
<td>17.88</td>
<td>27.10</td>
</tr>
<tr>
<td>A) main pension for employees</td>
<td>6.67</td>
<td>13.33</td>
<td>20.00</td>
</tr>
<tr>
<td>B) healthcare coverage of employees</td>
<td>2.55</td>
<td>4.55</td>
<td>7.10</td>
</tr>
<tr>
<td>Unified Supplementary Social Security and Lump Sum Benefits Fund (ETEAP)</td>
<td>3.25*</td>
<td>3.25*</td>
<td>6.50*</td>
</tr>
<tr>
<td>Other Employees’ Contributions</td>
<td>3.28**</td>
<td>3.68***</td>
<td>6.96</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15.75</td>
<td>24.81</td>
<td>40.56</td>
</tr>
</tbody>
</table>

Note: * From 1 January 2019 to 31 May 2019, the monthly social security contribution rate was at 3.5% for the insured and 3.5% for the employer (total of 7%). From 1 June 2019 to 31 May 22, it is set at 3.25% for the insured and 3.25% for the employer (total of 6.5%).
** From 1 June 2020 this rate is equal to 2.86%.
*** From 1 June 2020 this is equal to 3.2%.

The ceiling for insurable earnings for the calculation of the monthly insurance contribution of employees and employers is set at ten times the amount corresponding to the basic salary of an unmarried employee. Since 1 February 2019, this limit is EUR 6 500 (implemented in the model in 2020). Christmas and Easter bonuses as well as holiday allowances are also subject to social security contributions.

The payment of social contributions for February, March and April 2020 was suspended for six months due to Covid-19 emergency. As a result, the final deadlines were set accordingly on 30 September 2020, 31 October 2020 and 30 November 2020 (which constitutes a shift in policy currently applied).
Figure 7. Social security contributions

40-year old single person without children

Social security contributions by earnings

Note: Social security contributions do not depend on family structure.
Source: OECD Tax-Benefit Model.
8. Taxes

Married persons are taxed separately on their own separate income. From tax year 2018, married persons are not obliged to submit joint tax return and if at least one of the spouses opts for it, by its irrevocable declaration for each tax year, the tax return may be submitted separately.

8.1. Personal income tax (Φόρος εισοδήματος φυσικών προσώπων)

Variable name: [INCTAX_1; INCTAX_2]

8.1.1. Tax allowances

Social security contributions: all compulsory social security contributions and optional contributions to legally constituted funds are fully deductible from taxable gross income.

8.1.2. Tax base

Taxable income (covered by the model) includes income from employment. Some forms of income are exempt from the tax:

- unemployment benefits granted by the National Employment Organisation (OAED) provided that the total annual income of the beneficiary does not exceed the amount of EUR 10 000.
- alimony (not covered by the model);
- benefits provided to special categories of disabled persons (not covered by the model);
- salaries and pensions paid to disabled persons (not covered by the model);
- other (not covered by the model).

8.1.3. Income tax schedule

Law 4646/2016 (Government Gazette A’201 / 12-12-2019) introduced new tax provisions into the Income Tax Code. These provisions apply to incomes derived from 1 January 2020. The following progressive tax schedule applies to employment income:

<table>
<thead>
<tr>
<th>Income bracket (EUR per year)</th>
<th>Tax rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 10 000</td>
<td>9</td>
</tr>
<tr>
<td>10 000 – 20 000</td>
<td>22</td>
</tr>
<tr>
<td>20 000 – 30 000</td>
<td>28</td>
</tr>
<tr>
<td>30 000 – 40 000</td>
<td>36</td>
</tr>
<tr>
<td>More than 40 000</td>
<td>44</td>
</tr>
</tbody>
</table>

8.1.4. Tax credits ( Меίωση Φόρου)

Employment and pension tax credit: Since 1 January 2020, the tax for employees (and pensioners) is reduced as following:

- by EUR 777 for annual income up to EUR 12 000 for taxpayers with no dependent children;
- by EUR 810 for annual income up to EUR 12 000 for taxpayers with one dependent child;
- by EUR 900 for annual income up to EUR 12 000 for taxpayers with two dependent children;
- by EUR 1 120 for annual income up to EUR 12 000 for taxpayers with 3 dependent children;
- by EUR 1 340 for annual income up to EUR 12 000 for taxpayers with 4 dependent children;
For each additional dependent child after the fourth the tax deduction increases by EUR 220. For annual income exceeding EUR 12 000, the above mentioned tax credit is being reduced by EUR 20 for every EUR 1 000 of taxable income above the limit.

In order to maintain the tax reduction, the taxpayer is required to prove certain level of expenditures (assumed to hold in the model).

Other tax credits (not modelled): Other tax credits include expenses on donations. Deductions for expenditure on medical and hospital care has been abolished since 2017.

8.2. Special solidarity contribution (Ειδική Εισφορά αλληλεγγύης)

Variable names: [SOLICONTAX_1; SOLICONTAX_2]

Solidarity contribution was introduced in 2011. In the model they are classified as income tax [IT].

Solidarity contributions are computed with the following marginal rates:

<table>
<thead>
<tr>
<th>Income (EUR per year)</th>
<th>Tax Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 12 000</td>
<td>zero</td>
</tr>
<tr>
<td>12 001 – 20 000</td>
<td>2.20</td>
</tr>
<tr>
<td>20 001 – 30 000</td>
<td>5.00</td>
</tr>
<tr>
<td>30 001 – 40 000</td>
<td>6.50</td>
</tr>
<tr>
<td>40 001 – 65 000</td>
<td>7.50</td>
</tr>
<tr>
<td>65 001 – 220 000</td>
<td>9.00</td>
</tr>
<tr>
<td>&gt;220 000</td>
<td>10.00</td>
</tr>
</tbody>
</table>

Lump-sum benefits paid by welfare funds and insurance organizations and lump sums paid as financial aids to long-term unemployment people are excluded from solidarity contributions. There are some other exemptions but they are not covered by the model.
Figure 8. Employment tax credit

40-year old single person with or without children

Note: A person is assumed to have only earnings from work. The value of tax credit depends on the number of children, but it does not depend on whether a person is single or married. In a couple, both working spouses are eligible to increases for children.

Source: OECD Tax-Benefit Model.
Figure 9. Income taxes

40-year old single person with or without children

Note: A person is assumed to have only earnings from work. Gross taxes are taxes before the employment tax credit. Final taxes are total taxes after subtraction of employment tax credit. The value of tax credit depends on the number of children, but it does not depend on whether a person is single or married. In a couple, both working spouses are eligible to increased amounts of tax credits for children. 
Source: OECD Tax-Benefit Model.
9. Sickness benefits

Section 9.1. describes sickness benefit paid by the Social Security Fund (EFKA). Section 9.2. describes the mandatory payments by the employer in case of sickness.

Sickness benefits are not included in the model.

9.1. Sickness allowance (επίδομα ασθένειας)

This is a contributory benefit, non-means-tested and taxable.

There is no change in the legal framework regarding sickness benefit due to Covid-19. During the Covid-19 emergency, people who were quarantined by a doctor's order were eligible to the sickness benefit (if other eligibility conditions are satisfied).

9.1.1. Eligibility conditions

Employees and self-employed (not considered in the model) enrolled into compulsory social insurance scheme are eligible for sickness allowance. The contribution conditions for employees are:

<table>
<thead>
<tr>
<th>Required contributions during the reference period</th>
<th>Reference period preceding the illness</th>
<th>Duration of sickness allowance(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>120 days (100 days for construction workers)</td>
<td>1 year</td>
<td>182(^5) days (within one year)</td>
</tr>
<tr>
<td>12 months</td>
<td>15 months</td>
<td>182 days (within one year)</td>
</tr>
<tr>
<td>300 days</td>
<td>2 years</td>
<td>360(^6) days for the same illness (within one year)</td>
</tr>
<tr>
<td>27 months</td>
<td>30 months</td>
<td>360 days for the same illness (within one year)</td>
</tr>
<tr>
<td>600 days during the reference period and 1 500 days in total</td>
<td>5 years</td>
<td>720(^7) days</td>
</tr>
<tr>
<td>4 500 days</td>
<td>Before the illness</td>
<td>720 days</td>
</tr>
</tbody>
</table>

Periods of absence from work such as sickness or accident subsidy, regular unemployment subsidy are taken into account for entitlement to sickness benefits. There is no sickness benefit for the unemployed.

Eligibility conditions:

a) A person is incapable of continuing their work based on the doctor’s opinion and the approval of the competent health committee (PEDY).

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\(^4\) Sickness allowance is paid for 7 days per week.

\(^5\) 182 days for the same disease or different diseases within the same calendar year.

\(^6\) 360 days for the same condition, if the insured person had completed 300 working days within two calendar years, those preceding the one of the announcement of the illness or within the previous 30 months of the announcement. In the latter case, for the completion of the 300 working days, the days that took place within the last calendar quarter of 30 month are not included.

\(^7\) Up to 720 days if the insured had completed 1500 days, 600 of which in the last five years or 4500 days until the announcement of the disease or from 300-4200 days depending on the age of the insured.
b) A person abstains from their work with a certificate provided by the employer.

c) The abstinence of the person lasts more than 3 days from the announcement of the illness (waiting time).

9.1.2. **Benefit amount**

There is a waiting period of 3 days, during which the employer is obliged to pay 50% of the gross wage (see Section 9.2). From the 4th day of sickness, EFKA provides, for 12 days, 50% of the daily wage of the fictional insurance class in which the insured is classified according to his/her wage of the last 30 days of the previous year. From the 16th day, EFKA pays the full amount (100%).

There is a supplement of 10% for each dependent child (under age of 18) or dependent spouse.

Public sector employees are eligible to a supplement for every year of civil service (*not modelled*).

The minimum amount of the allowance for the first 15 days of the subsidy each year, after the three-day waiting period, is equal to 50% of the daily sickness benefit of the insurance class determined on the basis of the earnings of the last working days of the previous year, excluding builders who remain at 50% of the imputed salary of the insurance class in which they are classified.

The maximum amount of the allowance, after the surcharges due to family expenses, cannot be higher than the current imputed salary of the 8th insurance class or 70% of the salary of the insurance class on the basis of which the allowance is calculated.

The minimum level of the allowance: 50% of the fictional daily wage of the 1st insurance class.

The maximum level of the allowance: 100% of the fictional daily wage of the 8th insurance class.

9.1.3. **Benefit duration**

Maximum duration of the benefit is between 182 and 720 days, depending on the previous contribution record (see Section 9.1.1).

9.1.4. **Means test**

Not means-tested.

9.1.5. **Tax treatment**

The benefit is taxable. General taxation rules apply. The sickness benefit paid by EFKA is not subject to security contributions.

9.1.6. **Interaction with other components of the tax-benefit system**

It is not possible to combine sickness allowance with other social benefits. Sickness benefit is not included in the means tests for other benefits, e.g. unemployment assistance benefits, GMI, housing benefit, and child allowance.
9.1.7. **Combining benefit receipt and employment/starting a new job**

It is not possible to combine sickness allowance with earnings from employment. There is no sickness benefit for reduced working hours.

9.2. **Sickness pay by employer (Please add)**

This is a mandatory sick pay by employer.

9.2.1. **Eligibility conditions**

The employee must have worked for more than 10 days for that employer.

9.2.2. **Benefit amount**

According to statutory obligation under the social security law, the employer has to pay employee 50% of wage for the first 3 days of sickness. From the 4th to the 15th day, the employer pays the difference between the sickness allowance (see Section 9.1. and the wage of the employee.

9.2.3. **Benefit duration**

The employer pays employee part of wage for the first 15 days of sickness.

Maximum absence from work because of sickness:

- 13 days during the first year the employee works for that employer;
- 25 days per year when the employee works for more than one year for that employer.

9.2.4. **Means test**

Not means-tested.

9.2.5. **Tax treatment**

The sick pay is taxable according to the general tax rules.

9.2.6. **Interaction with other components of the tax-benefit system**

[No information]

9.2.7. **Combining benefit receipt and employment/starting a new job**

It is not possible to combine sick pay with earnings from employment. There is no sick pay for reduced working hours.
10. Short-time work schemes

This section covers schemes aimed to protect employees from temporary business closure or reduction in working hours. Section 10.1. describes the measures that were in place on 1 January 2020. Sections 10.2. to 10.4. cover the schemes introduced in response to the Covid-19 emergency. The Annex contains information on the benefit in case of employer’s insolvency.

Short-time work schemes are not included in the model.

10.1. Benefit due to temporary lay-off (Επίδομα διαθεσιμότητας)

This is a general short-time work scheme in place on 1 January 2020.

10.1.1. Eligibility conditions

The conditions and procedure for temporarily laying off salaried employees have been put on a new basis with the 2010 labour act (Act 3846/2010). The relevant provisions provide that firms with restricted economic activity may, instead of terminating an employment agreement, issues a written notice temporarily laying off salaried employees for no longer than three months annually, provided they have first consulted with the employees’ legal representatives.

In case of work suspension (e.g. if a company is financially weak), employees under suspension who have no work can receive assistance for the period under suspension by OAED.

The employee has to submit the application within 60 days from the date on which he was laid off (proven by a document provided by the employer). The worker is not registered as unemployed because the work contract remains valid.

10.1.2. Benefit amount

During the period of temporary layoff, employers pay to employees half of the average of their full employment earnings for the previous two months. In addition, OAED offers assistance equal to 10% of the average regular earnings recorded in the last two months of full-time employment prior to work suspension.

10.1.3. Benefit duration

These benefits are not paid for longer than three months per year. It is not possible to grant a benefit repeatedly.

10.1.4. Means test

Not means-tested.

10.1.5. Tax treatment

[No information]

10.1.6. Interaction with other components of the tax-benefit system

[No information]
10.1.7. *Combining benefit receipt and employment/starting a new job*
[No information]

10.2. *Special purpose allowance to employees whose contract was terminated*  
(*Ειδικού Σκοπού σε εργαζόμενους των οποίων η σύμβαση εργασίας έχει λυθεί από 1η/03/2020 έως 20/03/2020*)

This is a temporary measure related to Covid-19 emergency.

10.2.1. *Eligibility conditions*

All employers whose operation is suspended by the Government’s decision or is severely affected by the situation and their activity code number is included in the list of the Greek Ministry of Finance (most activities in the private sector) are eligible. Employees of these firms (full- as well as part-time) can receive financial state aid if their employment contract was terminated (voluntarily or by employer) in the period between 1 March and 20 March 2020. Employees who have any other active dependent employment contract with another employer are not eligible.

10.2.2. *Benefit amount*

The amount of financial state aid is EUR 800 per person, irrespective of whether they may be entitled to regular unemployment benefits. This is a one-off payment.

10.2.3. *Benefit duration*

This is a one-off payment.

10.2.4. *Means test*

Not means-tested.

10.2.5. *Tax treatment*

Not taxed. No social security contributions.

10.2.6. *Interaction with other components of the tax-benefit system*
[No information]

10.2.7. *Combining benefit receipt and employment/starting a new job*

This allowance cannot be combined with earnings. However, after the allowance is received a person can start new employment with another employer.

10.3. *Special purpose allowance to employees in companies whose activity was suspended by state order or severely affected*  
(*Αποζημίωση Ειδικού Σκοπού για τους εργαζόμενους σε επιχειρήσεις εργοδότες των οποίων έχει ανασταλεί η επιχειρηματική δραστηριότητα βάσει ΚΑΔ με εντολή δημόσιας αρχής*)

This is a temporary measure related to Covid-19 emergency.

This Workers’ Support Scheme has been established, for workers under dependent employment status in businesses-employers whose operation was or is under temporary
ban of operation due to the COVID-19 pandemic. Support measures include: Labour Contract Suspension, social insurance coverage, Special Purpose Compensation. 

10.3.1. **Eligibility conditions**

Employees of companies in the private sector (full-time as well as part-time), whose operation has been suspended (as per their activity code number) by virtue of a state order or whose business activity was severely affected by the state measures, are eligible. Employers, who make use of the measure, are forbidden to terminate employment contracts for all their employees and are obliged, after the expiration of the suspension, to maintain all their employees (except voluntary resignations, retirement and scheduled terminations) for a period of 45 calendar days.

In May, the companies may extend the suspension of the employment contracts of their employees, but for some companies the suspension may apply to the maximum 60% of employees. In case the above percentage is exceeded, the employers are obliged to pay the remuneration of employees exceeding this percentage.

10.3.2. **Benefit amount**

The amount of special purpose allowance is EUR 800 per person. It covers 45 calendar days (from 15 March to 30 April 2020). The measure was extended for additional five months (May to September), for employees working in companies whose operation has been suspended (as per their activity code number), with an allowance of EUR 534 per month (or a proportion of this depending on the number of days employees abstain from work).

The employers may pay to the employees who are beneficiaries of the special purpose compensation, an additional amount, up to the amount of their gross remuneration, on a voluntary basis. For this additional amount, social security contributions, calculated and corresponding to this additional amount, should be paid by employer and deducted from the obligation to be covered by the state budget. *(not modelled)*

10.3.3. **Benefit duration**

The payments may cover the period from 15 March to 30 September 2020.

10.3.4. **Means test**

Not means-tested.

10.3.5. **Tax treatment**

The allowance is not taxed. The state budget will cover social security contributions calculated on their nominal salary (usual salary in the absence of suspension) for a time period covered by the payments.

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8 Act of Legislative content of 14.03.2020, art. 13 (GG Α’ 64/14.03.2020) as ratified by Law 4682/2020 (GG Α’ 76) and relevant Ministerial Decisions for the implementation of the measure from March until September.
10.3.6. Interaction with other components of the tax-benefit system

[No information]

10.3.7. Combining benefit receipt and employment/starting a new job

The allowance cannot be combined with earnings.

Exceptionally, employers who are severely affected, may agree with their employees, whose employment contracts are suspended and are entitled to special purpose allowance, the provision of teleworking for temporary business needs. They shall remunerated for their work by the employer proportionally on the basis of the gross regular remuneration and hours worked. The amount of remuneration for such work may be up to the standard salary minus the amount of special purpose allowance. For such remuneration, social security contributions calculated on this extra additional amount should be paid by the employer and shall be deducted from the obligation to be covered by the state budget.

10.4. Employment support mechanism “SYN-ERGASIA” (Μηχανισμός Επιδότησης Έργασιας «Συνεργασία»)

“Syn-Ergasia” Mechanism: implemented since 15 June 2020 according to Law 4690/2020 art. 31 (GG A’ 104/30.05.2020) and Ministerial Decision n. oik.23103/478 (GG B’ 2274/14-6-2020). The duration of the “SYN-ERASIA” Mechanism is set from 15 June 2020 to 31 December 2020 for all beneficiary companies.

The scope of the “SYN-ERASIA” Mechanism is to provide support, in the form of financial support for short-term work, to employees of companies in the private sector in order to maintain full-time jobs.

10.4.1. Eligibility conditions

Eligible to participate in the mechanism are all companies, of a continuous or seasonal operation, regardless of their activity code. The companies are eligible if they are:

- obliged to submit a periodic VAT return and have a reduction of at least 20% of the VAT turnover cycle;
- not required to submit a VAT return or are exempted from VAT and have a reduction of at least 20% of their gross income.

The criteria are verified by the Ministry of Finance (Independent Public Revenue Authority).

The "SYN-ERASIA" Mechanism applies exclusively to employees, who work under a full-time dependent employment contract until 10 August 2020 in companies of continuous or seasonal operation, regardless of the Activity Code (KAD), who meet the conditions for inclusion in the Mechanism as defined in par. 4 of article 31 of law 4690/2020 as in force.

Companies that make use of the mechanism are obliged not to terminate contracts of the employees who are included in the mechanism. In addition, they are obliged to retain the same the initially agreed salaries of the employees that are included in the support mechanism, for the time period that each of them is covered by the mechanism.
10.4.2. *Benefit amount*

Employers participating in the mechanism may reduce the working time of all or part of their full-time employees by up to 50% of normal working hours.

Employees shall receive state financial support for short-term employment, which shall amount to 60% of their net salary, corresponding to the time period during which they do not provide work. In the event that the net salary of the employee (i.e. the total amount of the part of the salary paid by the employer and the part of the salary paid by the State), after the above adjustment, is less than the net statutory minimum salary or daily wage, the difference shall be covered by the state budget.

The proportion of the annual leave allowance and the Christmas allowance for the year 2020 (13th and 14th wages) corresponding to the financial support shall be covered by the state.

More generous conditions apply for the aviation industry (*not considered in the model*).

10.4.3. *Benefit duration*

From 15 June 2020 to 31 December 2020

10.4.4. *Means test*

Not means-tested.

10.4.5. *Tax treatment*

From 15 June 2020 to 30 June 2020, the employers’ insurance contributions, corresponding to the time during which workers are not employed, were covered by the State budget by 60%.

From 1 July 2020 until 15 October 2020 the total insurance contributions, corresponding to the time during which workers are not employed are covered by the State budget by 100%.

Special rules apply to the airline Industry and the third sector companies satisfying certain criteria.

10.4.6. *Interaction with other components of the tax-benefit system*

[No information]

10.4.7. *Combining benefit receipt and employment/starting a new job*

[No information]

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10 M.D 28700/1559 (GG B’ 3765/31.08.2020).
11. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Greece 2020. TaxBEN by default produces the following output: net household incomes (black line) and its subcomponents (coloured stacked areas) for selected family and individual circumstances.

The model and the related web calculator is accessible from the project website. The figure shows outputs for four scenarios:

- By percentage of the average wage (Panel A);
- By working hours (Panel B);
- By duration of a new job (in months) for a person claiming social assistance who started a new employment (Panel C);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (Panel D);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (Panel E);
- By previous employment record, for a jobseeker claiming unemployment benefits (Panel F).

The stacked areas shows the following household income components: GROSS = gross earnings; SSC = social security contributions; IT= income tax; FB = family benefits; HB = housing benefits; SA = social assistance; IW = in-work benefits. Note that each component may contain more than one benefit or tax.

Results refer to a two-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the six scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.
Figure 10. Selected output from the OECD tax-benefit model

40-year old couple with two children

Notes: In Panel A, B, and C the first adult is employed, whereas the second adult is out of work and not eligible for unemployment benefits, e.g. because they have expired (the same is assumed for the first adult when earnings are zero). In Panel A, the first adult works full-time at different wage levels. In Panel B, the first adult earns average (hourly) wage at variable working hours. In Panel C, the first adult has just started a new full-time employment at 50% of the average wage after claiming social assistance. In Panels D, E, and F the first adult is out of work and claiming unemployment benefits, whereas the second adult is out of work and not eligible to unemployment benefits. In Panel D and F, previous earnings of the first adult equal to the average wage. In Panels D and E, the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. Panels E and F refer to the 2nd month of unemployment benefit receipt.

Source: OECD Tax-Benefit Model.
Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Greece that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Unemployment benefit for self-employed and freelancers formerly insured by OAEE, ETAP MME and ETAA (Βοήθημα ανεργίας αυτοτελώς και ανεξαρτήτως απασχολουμένων)

This benefit was introduced in 2011 (applicable for the insured by OAEE and ETAP MME since 2013 and for the insured by ETAA since 2018).

Eligible person should:
- have a minimum of 3 years of insurance to their respective Social Security Fund and payment of the contributions to the Special Account for Unemployment and have paid his/her contributions to the Fund or else to have regulated them in installments paid without delay
- have a total net income for the 2 years prior to the application that does not exceed the amount of EUR 20,000 (individual income) and EUR 30,000 (family income)
- have ceased business from 01/01/2012 onwards and do not work (either as self-employed or employees). Insured by ETAA (only) who have not cease business can still claim the benefit if they haven’t exercised their profession for the last 6 months before applying and have an income from their professional activity for the year before the application under 60% of the basic salary of a 25-year old single employee deducted in annual basis.
- have closed their business for a minimum period of 3 months prior to the beginning of the allowance
- not have been submitted to any optional insurance scheme or have applied for pension
- not have transferred their business (share or stocks) to relatives of 1st and 2nd degree
- not have outstanding debts to their Social Security Fund
- reside permanently in Greece.

The amount of the benefit is EUR 360.00 per month. The duration varies from 3 to 9 months.

Due to Covid-19 emergency, the payment of this unemployment benefit is extended by 2 months for those whose entitlement ends in the period from 1 January to 30 September 2020. The extension can be received only once.

Special seasonal assistance (Ειδικό Εποχικό Βοήθημα)

This aid is offered to persons belonging to occupational groups employed on a seasonal basis, e.g. construction workers, tobacco workers, salaried workers of the tourist sector, etc. The aid is paid once per year. The applicant must fulfill certain conditions with respect to previous work, daily wage, etc.

Benefit due to the employer’s insolvency or Bankruptcy benefit (Παροχή λόγω Αφερεγγυότητας του Εργοδότη)

The OAED keeps an independent account called “Account for the protection of workers against employers’ insolvency”. This account aims to pay up to three months earnings...
unpaid due to the employer’s insolvency. These earnings are considered and are being taxed as paid services.

**Unemployment benefit due to refrain from work (Τακτική επιδότηση ανεργίας λόγω επίσχεσης και Βοήθημα επίσχεσης)**

Unemployment benefit due to refrain from work:
The aim of this benefit is to compensate financially the employee who exercises his/her right to refrain from work because the employer has stopped granting the wages and has the same eligibility criteria that apply for the unemployment benefit.

Allowance due to refrain from work:
For the employees not entitled to the unemployment benefit, an unemployment allowance can be given. The amount of the allowance is equal to 20 times the basic unemployment allowance (plus 10% for each dependent family member) subject to condition that the beneficiary’s annual family income does not exceed a fixed amount of EUR 11 445.34. Payments are made every month for the maximum of 12 months.

**Housing allowance for tertiary education undergraduates (Φοιτητικό στεγαστικό επίδομα)**

Tertiary education undergraduates are granted an annual housing allowance of EUR 1 000. The allowance is paid for as long as the studies last. Tertiary education graduates, who attend a course aiming at obtaining a second or a Master’s degree, are not entitled to the above allowance.

There is no specific age limit for a beneficiary. The student must reside in a rented house, which, due to his/her studies, is in a city other than the one of his/her main residence, where neither his parents nor he/she have the full ownership of another residence. Those who reside in university student halls and boarding houses are not entitled to the allowance. In order for the allowance to be granted, the annual family income of the previous fiscal year must not exceed the amount of EUR 30 000, increased by EUR 3 000 for each dependent child, beyond the first one.

The housing (student) allowance of EUR 1 000 is granted annually. It is not subject to taxation.

**Employer provided family support (Οικογενειακή ενίσχυση που παρέχεται από τον εργοδότη)**

Employers in some sectors pay workers (married or not) family support in a form of 5% supplement to the gross income for each child and adding 10% for the spouse. The amount paid for the spouse is independent of her status of employment and income.

**Low income support for households in mountainous and disadvantaged areas (Εισοδηματική ενίσχυση οικογενειών ορεινών μειονεκτικών περιοχών)**

An allowance of EUR 600 is granted per year for annual income up to EUR 3 000 and an allowance of EUR 300 per year for annual income up to EUR 4 700.
**Pregnancy and post-natal period benefit** (Επίδομα εγκυμοσύνης και λοχείας)

During maternity leave, women employees receive the following benefits:

- Insured women are paid by the Social Insurance Institute for 56 days before the presumed date of confinement (pregnancy benefit) and for 63 days after it (post-natal period benefit), i.e. for a total of 119 days (17 weeks). The insured woman is granted 50% of the presumptive daily wage of the insurance class to which she belongs, on the basis of the average earnings of the last 30 days of the previous year, as well as the child benefit (10% for each child and up to 40% maximum). In this case, the minimum amount of the benefit equals to the 2/3 of the insured woman’s earnings and the maximum amount of the mentioned benefit.

- The Greek Manpower Employment Organisation pays a supplementary amount to ensure the mother’s income reaches the level before the leave. The abovementioned amount covers the period in which the mother received the pregnancy benefit and the post-natal period benefit. Since 2017 this allowance is also provided to presumed mothers, but only for the period of the post-natal period benefit. Presumed mother is defined as the mother who has a child with the help of a surrogate and in-vivo artificial insemination.

- Additionally, employed women receive an amount from their employer that corresponds to fifteen-day wages or one monthly salary, depending on their previous service to this employer.

**Post confinement care benefit** (Επίδομα τοκετού)

The birth grant is a lump sum payment of EUR 900 for the birth of one child, EUR 1 200 for twins and EUR 1 600 for triplets. Financial benefits due to maternity are also granted to uninsured women for a period of six weeks prior to the childbirth. These benefits amount to EUR 440.20 (EUR 220.10 before the childbirth and EUR 220.10 after it) and are paid by municipalities.

**Special Maternity Leave** (Ειδική παροχή προστασίας της μητρότητας)

A special maternity leave can be granted to insured mothers. Beneficiaries are the private sector employees, who are covered exclusively by the regulations of the -each time in force- National General Labour Collective Agreement as regards the alternative use of reduced working hours as child-care leave. This additional leave is granted after the end of the maternity leave or the end of the 3.5 months leave granted in substitution of the reduced-time period (child-care leave).

OAED is obligated to pay a monthly benefit to the working mother that equals to the minimum wage as set by the National General Collective Agreement, as well as the proportion of holiday benefits and leave benefits according to the minimum wage. For women working part-time for up to four hours per day or up to 13 days per month on average during the six months before their pregnancy leave, the amount paid is half the one mentioned above. Women that take the special maternity leave are insured for medical care.

In 2017, the Special Maternity Leave is also granted to presumed mothers (see above for a definition).

**Additional funding for childcare - project “Harmonization of Family and Professional Life”** (Επιπλέον χρηματοδότηση για παιδική φροντίδα - Πρόγραμμα «Εναρμόνιση Οικογενειακής και Επαγγελματικής Ζωής»)

In addition to childcare support described in Section 5, in the framework of co-financed programs (Partnership Agreement for the Development Framework /PA for the current
period 2014-2020), the Ministry of Interior is the funding body of the project entitled “Harmonization of Family and Professional Life”. This action facilitates mothers or fathers who have custody of their children, by providing care and hospitality services to infants, pre-school children and people with disabilities (children and adolescents) respectively, in public and private infant nurseries, full care crèches, day nurseries and centres of creative activities for children.

The above act contributes to a) increasing employment and maintaining low-income earners in jobs by providing help, concerning childcare b) providing substantial support to the beneficiaries in order to ensure their equal access to work and c) the equal access of vulnerable groups (children and people with disabilities) to quality social services.

The project budget for 2019-2020 is EUR 211,997,214 and it is part of the total budget of the project, amounting to EUR 279,000,000. The number of the beneficiaries is 155,683 children and 172,927 mothers/fathers.

The selection criteria concern: a) family income b) employment status and employment relationship c) marital status. The process of selecting the beneficiaries is based on a grading system, until the budget is over.

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>POINT ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual declared family income. The points count are based on the formula:</td>
<td>90 - ((E-P)/300) Where (E) indicates the total annual family income and (P) corresponds to the amount of EUR 500 for each child, within the legally provided age limits (up to the age of 12)</td>
</tr>
<tr>
<td>Employment status, employment relationship, and type of employment:</td>
<td>1. Employees on part-time employment contracts 2. Employees on fixed-term employment contracts 3. Employees working with insurance coupon 4. Unemployed with unemployment card in force or another equivalent document 1. Full-time employees on indefinite time contract 2. Self-employed 90 85</td>
</tr>
<tr>
<td>Family status:</td>
<td>1. Potential beneficiaries belonging to the disabled group with a disability rate of 35% or more 2. Potential beneficiaries with children belonging to the group of disabled people with a disability rate of 35% or more 1. Potential beneficiaries who are widowed 2. Single parent families 3. Potential beneficiaries who are divorced or separated 4. Potential beneficiaries with three or more children 50 40</td>
</tr>
<tr>
<td></td>
<td>1. Mothers with a spouse belonging to the group of disabled people with a disability rate of 67% or more 2. Mothers who have an unemployed husband with unemployment card in force or another equivalent document 30</td>
</tr>
<tr>
<td>Facility</td>
<td>Age</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Infant centres, Infant/child centres, Child centres</td>
<td>Infants from 2 months to 2.5 years of age</td>
</tr>
<tr>
<td></td>
<td>Infants from 8 months to 2.5 years of age</td>
</tr>
<tr>
<td></td>
<td>Infants from 18 months to 2.5 years of age</td>
</tr>
<tr>
<td></td>
<td>Pre-school children from 2.5 years of age to the age of starting compulsory education</td>
</tr>
<tr>
<td>Infant/child integrated care centres</td>
<td>Infants from 8 months to 2.5 years of age</td>
</tr>
<tr>
<td></td>
<td>Pre-school children from 2.5 years of age to the age of starting compulsory education</td>
</tr>
<tr>
<td></td>
<td>Pre-school children with disabilities from 2.5 years to 6.5 years of age</td>
</tr>
<tr>
<td>Centres of creative activities for children</td>
<td>Children from the age of 5 (age for starting compulsory education) to 12 years of age and children with mild forms of mobility problems or sensory impairment</td>
</tr>
<tr>
<td>Centres of creative activities for children with disabilities</td>
<td>Children with disabilities and/or adolescents and/or people with intellectual disabilities and/or disabled people</td>
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