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Newsflash

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Law 4670/2020 (Official Government Gazette Bulletin A' 43/28.2.2020) Social security reform, National Fund of Social Security (e-E.Φ.K.A.) digitalization and other provisions

The new law significantly amends the social security legislation (mostly applicable to freelancers/self employed/farmers and further clarified by the E.Φ.K.A. Circular 3/2020). The amendments are summarized as follows.

Workforce Issues

- The maximum remuneration subject to social security is set to a fixed amount of EUR 6 500 until 31/12/2022 and is to be readjusted as of 1/1/2023.
- Fees paid to administrators of all legal forms of companies (excluding Private Companies) are now subject to the social security treatment applicable to fees paid to the members of Board of Directors of S.A. companies.
- The method by which the insured working days of the members of the Board of Directors on the basis of the contributions paid on the fees they collect from the S.A. company is determined.
- As of 1/6/2020, the social security contributions due in case of full time employment are reduced by 0.90% (employer's contributions reduced by 0.48% and employee's by 0.42%, respectively).
- As of 1/1/2020, social security contributions of freelancers/self employed/farmers are disconnected from their monthly income. In fact, as far as main pension and health contributions are concerned, six insurance brackets and one special insurance category, applying to new professionals within the first five years of their insurance, are introduced. Further, three insurance brackets are introduced for lump sum benefits and supplementary pension. Insured persons are obligatorily subject to one of the above insurance brackets, which they can freely choose. In case of failure to select an insurance bracket, the insured person is obligatorily subject to the 1st (lowest)

insurance bracket, whereas the law also provides for the possibility to change insurance bracket (to a higher or lower one) on an annual basis. The Health Sector insurance bracket obligatorily follows the Pension insurance bracket. The law provides for transitional readjustments of the contributions of the insurance brackets.

- As of 1/1/2020 the period of insurance required for a person to be eligible to health insurance is reduced to 50 insured working days for employees and to 2 months for freelancers during the previous calendar year or the last twelve months from the occurrence of the insured risk.
- In case of dual insurance due to more than one business activities (employment and freelancer/self employment), the social security contributions paid on the basis of employment are taken into account and any balance from the lowest freelancer insurance category (1st or 2nd depending on the facts, unless a higher insurance bracket has been selected) must be paid.

Pensioners' Issues

- Gross, main and supplementary pensions are now reduced by 30% when the pensioner works or undertakes an activity obligatorily subject to social security. Certain categories of pensioners are excluded from the above decrease.

National Social Security Fund (E.Φ.K.A.) digitalization

- Registration of direct or indirect insured persons as well as any change to their personal data is made electronically by virtue of an application filed electronically with e-E.Φ.K.A.
- All certificates issued by E.Φ.K.A. will be electronically issued. The procedure for the granting of pension is digitalized aiming at speeding up the granting of pensions (indicatively, the data and personal details needed to establish a pension right are collected in the Information System «ATLAS», pension applications must be filed electronically etc.). Ministerial Decisions to regulate any issues for the

implementation of the provisions in question are anticipated.

- As of 1/7/2020, Analytic Periodic Returns will only be filed electronically.

Comments on the new law

- The new insurance law seems to resolve several problems of the past (for instance, incapacity to determine the insured working days of Board members, addition of social security contributions on the basis of calculation of the social security contributions due) and leads to a friendlier and more flexible environment for the insured person (for instance, freelancers/self employed can now select their insurance bracket and can therefore formulate their social security obligations on the basis of their financial position). However, freelancers'/self employed persons' social security contributions are increased.
- The digitalization of E.Φ.K.A. services - a stable request over the last years- is expected to speed up procedures.

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This Newsletter aims to provide the reader with general information on the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case.

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