

Employee Stock Options in the EU and the USA

FINAL REPORT

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Greece

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Greece

1. General remarks

1.1 History

- 1.1.1 The legislation relating to the taxation of share options has developed through statute, namely, Company Law 2190/1920.
- 1.1.2 Presidential Decree 30/1988 allowing the grant of shares and stock options to employees was issued in 1988 ("PD30/1988").
- 1.1.3 Under this decree AE companies (Societe Anonymes) listed on the Athens Stock Exchange ("ASE") could provide their employees with shares through the grant of stock options. Such shares could either be purchased on the market or be issued by the company through a share capital increase. The Ministry of Development subsequently issued a Ministerial Document (accepting the opinion of their legal counsel) which provided that the provisions of PD30/1988 relating specifically to share capital increases shall be abolished and superseded by the amendments to Art. 13 § 9 of Law 2190/1920¹. As a result of this, stock option plans operated under PD30/1988 can only involve a listed AE company purchasing its own shares for future distribution to employees. These plans are not eligible for any beneficial tax treatment².
- 1.1.4 New employee stock option legislation was introduced in 1999. Under L.2741/1999, Greek company law was amended to allow an employer to grant the right to acquire newly issued shares to employees at either no cost or a reduced cost. The shares would be issued following a qualifying increase in the share capital of the company. This legislation together with a Ministry of Finance ("MoF") Circular granting favourable tax treatment forms the only specific stock option plan in Greece and because of the beneficial tax treatment of such plans they are referred to as qualified plans.
- 1.1.5 Local companies listed on ASE have typically given employees the right to purchase shares at the time of listing. However our understanding is that there are very few plans operating except in the context of listing. Following the issuance of the MoF Circular granting favourable tax treatment under L.2190/1920 plans ("qualified stock option plans"), a pronounced shift has been noted towards operating qualified stock option plans rather than plans under PD30/1988 involving the purchase of shares on the market³. However, success is hard to judge since only a handful of qualified stock option plans have been introduced. Moreover, the authority of the MoF Circular is limited. It does not have the force of law and is not binding on local Tax Offices responsible for the day to day handling of a company's tax affairs.

¹ Ministerial Document Ministry of Development Document No.K2-8295/6-11-2000 (523/2000 Opinion of the Ministry of Development's Legal Counsel (Trade Section)).

² Art. 13 § 9 of L.2190/1920 added by art.10 § 10 Law 2741/1999 as replaced by art.16§ 2 L.2919/2001. Presidential Decree 30/1988

³ *General Practice. MoF 1185/7/6/2000*

- 1.1.6 Another circular was issued in 2000 allowing the grant of free shares or shares at less than Fair Market Value (“FMV”) by local companies. However, it was not entirely clear since it noted that the benefit provided to employees could only be considered as employment income but left open the possibility for local tax offices to consider it as a partial gift and, therefore, subject to gift tax⁴. Furthermore, this circular did not specifically address stock option plans.

1.2 Current situation

- 1.2.1 There are discussions in academic circles on the difficulty in dealing with options granted under foreign share option plans affecting employees of local subsidiaries in the absence of any specific legislation in Greece. There is also limited discussion at the MoF but to date concrete initiatives have not been proposed or issued.

2. Key features of stock option plans

- 2.1 Generally there are two main types of stock option plans in Greece, qualified stock option plans and PD30/1988 stock option plans. Both plans are considered separately below.

2.2.2 *Qualified stock option plans*⁵

- 2.2.2.1 Under a qualified stock option plan, all Greek listed and unlisted companies formed under Company Law 2190/1920 may grant stock options to their employees and benefit from favourable tax treatment as provided by the MoF Circular in 2000. However it should be noted that the legislation does not address the specific issues on the implementation of stock option plans as it is very general in nature. There is no specified minimum term for which qualified share options must subsist. Generally, a company will require that an individual must be employed by the company at the time an option is exercised.
- 2.2.2.2 All employees including the President of the board of directors, the Managing Director, Directors and board members, employees and employees of related companies may participate in qualified stock option plans but there is no requirement that the plan must be offered to all employees. The company may select participants provided it observes the Greek anti-discrimination laws.
- 2.2.2.3 There is no restriction on the type of shares that must be used provided the maximum number of shares to be issued through the qualifying share capital increase provision does not exceed one tenth of the shares already in issue. There is no restriction on the value of shares over which options may be granted to an employee.

⁴ MoF 1185/7/6/2000

⁵ 1.Art. 13 § 9 of L.2190/1920 added by art.10 § 10 Law 2741/1999 as replaced by art.16§ 2 L.2919/2001, MOF Circular 1052114/10691/B0012/POL 1185/7.6.2000

Note: This authority applies to all comments noted herein unless otherwise indicated.

2.2.3 *PD30/1988 stock option plans*

- 2.2.3.1 Under a PD30/1988 stock option plan companies can distribute shares at either a reduced cost or no cost to employees of a Greek company formed under Company Law 2190/1920 and listed on the ASE, or to employees of its subsidiaries or related companies. Stock options can also be granted under PD30/1988. It should be borne in mind that the 1988 Presidential Decree is general in nature and does not address many of the specific issues that arise in respect of the implementation of such plans. A favourable tax treatment is not applicable to such plans.
- 2.2.3.2 No minimum term is stipulated. The maximum term is set at five years from the grant. If the option is not exercised within five years it lapses. The plan is open to every employee of the company or affiliate company subject to the standard anti-discrimination principles⁶. The shares used must be ordinary or preferred shares and there are no restrictions on the value of shares that may be awarded to employees.
- 2.2.3.3 Greek share plan legislation does not consider the implications if an employee pays for the grant of an option and does not subsequently exercise it. Moreover, the MoF 2000 Circular which addresses Company Law 2190/1920 regarding qualified share option plans, notes that an SA company does not grant a right but instead merely provides its personnel with the ability to become shareholders⁷. However, it is relevant in respect of PD30/1988 plans since Company Law 2190/1920 plans are based on PD30/1988.

3. **Taxation**

3.1 **Time of taxation**

3.1.1 *Qualified stock option plans*

- 3.1.1.1 There is no taxation in relation to the grant or exercise of qualified stock options. The existing tax regulations including case law do not address the issue of stock option plans whether domestic or foreign. No specific tax legislation was issued following the adoption of the 1999 legislation allowing all Greek corporations to offer share options to their employees⁸.
- 3.1.1.2 The MoF Circular 2000 is very basic and provides little information apart from the fact that qualified stock option plans do not give rise to a taxable benefit for employees. Implementation of procedural issues, for example when a taxable event is held to take place or whether former employees are also covered, are not addressed. It should be noted that a MoF Circular does not constitute law and cannot be relied upon by the Courts. It merely reflects the policy of the MoF and as such, local tax offices that have jurisdiction over taxpayers should apply the circular in principle unless they determine that the Circular is in contradiction with

⁶ Labour Case Law and Greek Constitution

⁷ PD30/1988, MOF CIRCULAR 1185/7.6.2000

⁸ MOF CIRCULAR 1052114/10691/B0012/POL 1185/7.6.2000

the law. The tax offices however, cannot assess penalties and fines on taxpayers relying on circulars, unless there is a contradictory Council of State Decision (prohibiting the position the taxpayer is relying on). Please note that the tax regulations themselves (Law 2238/1994) have not been amended to reflect the treatment noted in the 2000 Circular.

3.1.2 *PD30/1988 share plans*

3.1.2.1 *General comments on the tax treatment of PD30 share plans*

3.1.2.1.1 As mentioned in 3.1.1.1 existing tax regulations and case law do not address the issue of stock option plans whether they are domestic or foreign. No specific tax legislation was issued following the adoption of PD30/1988. However, the MoF issued a Circular (1237/26.11.1999) ("The 1999 Circular"), which adopted the opinion of the Legal Counsel of State on the issue of whether the granting of shares for free or at a reduced cost to the executives of a company constituted a gift. The Opinion held that that such a benefit constituted employment income. However, it left open the possibility for the local tax office responsible for the taxation of the individual employee to judge whether the benefit derived exceeded a proper measure. If it exceeded such measure then the tax office was given the ability to impose gift tax on the portion that exceeded such measure. The Opinion and the Circular are very basic and provide very little information apart from the fact that the granting of such benefits gives rise to a taxable employment income benefit for employees and they did not specifically address stock options. Implementation of procedural issues, for example when a taxable event is held to take place or whether former employees are also covered, are not addressed. The tax regulations themselves (Law 2238/1994) have not been amended to reflect the treatment noted in the 1999 Circular.

3.1.2.1.2 In practice generally income tax will be due on the exercise of a stock option. On the basis of general tax principles income arises at the time the employee has an exercisable right to claim the income an option derives. In practice, that income arises at the time of exercise⁹.

3.1.2.1.3 The MoF issued an individual reply dated 8 February 2002 which noted the following:

- That the benefit derived by an employee under a PD30/1988 plan is subject to income tax as income from employment sources.
- That the taxable income arises at the time of exercise.
- That the taxable income is determined on the basis of FMV of the shares less the exercise price and the price paid for the option, if any.
- That the cost borne by the employer represented a payroll expense (see section 3.5.2).

⁹ MOF CIRCULAR 1185/7.6.2000

- That the deductibility criteria applicable to all other payroll expenses also applies to this payroll expense.
- That further to the above the decision as to whether or not social security contributions are payable rests with the social security authorities (IKA)¹⁰.

3.2 Taxable gain

- 3.2.1 There is no tax liability under a qualified stock option plan.
- 3.2.2 Under PD30/1988 stock option plans, the taxable gain is calculated as the difference between the FMV of the shares at the time of exercise less the exercise price¹¹. If the employees pay for the options the gain is calculated as the difference between the FMV of the shares at exercise less the exercise price and any price paid on grant of the option.

3.3 Type of tax

- 3.3.1 There is no income tax or social security contributions due under a qualified stock option plan.
- 3.3.2 Under PD30/1988 stock option plans, option income is treated as arising from employment sources and taxed as ordinary salary income. Employees are taxed at their marginal rate of income tax. From 1 January the highest marginal rate is 40%.
- 3.3.3 The benefit derived by an employee under a PD30/1988 stock option plan is not specifically referred to in the social security regulations. Moreover, the IKA authorities have not taken a formal position on the issue of whether such benefit is subject to social security contributions. In practice most employers will treat the benefit as subject to social security contributions in order to protect the deductibility of the payroll expense. A condition of deductibility is that the requisite contributions have been paid or there is a specific exemption applicable¹².

3.4 Capital gains taxation

- 3.4.1 Greece has abolished capital gains tax on the sale of shares, but on disposal of shares acquired on exercise, transfer tax is triggered at 0.3% for listed shares and 5% for non-listed shares. The transfer tax is applied to the value of the total sales proceeds¹³.
- 3.4.2 If the shares are listed on a Greek Stock Exchange, and the shares are sold through a broker, the broker will withhold the transfer tax and pay it over to the tax authorities. There are no reporting requirements imposed on the employee in such case. In the case of non listed shares then a tax return has to be filed with the

¹⁰ MOF CIRCULAR 1212/31.7.1998
MOF INDIVIDUAL REPLY 8 February 2002 Protocol Number 1097047/11187/2002/B0012
L.2084/1992 as amended by L.2556/1997

¹¹ General practice

¹² L.2084/1992 as amended by L.2556/1997

¹³ Article 9 Law 2759/1998 as amended, also noted in MOF CIRCULAR 1185/7.6.2000

employees' local tax office. The reporting must take place prior to the sales transaction and the tax must be paid prior to the transfer taking place in order for the transfer to be legally valid.

- 3.4.3 If the shares are sold at a loss (i.e. for less than the price paid to acquire them at exercise) the loss cannot be offset against other capital gains in the year.

3.5 Tax consequences for the granting company

3.5.1 Social security contributions

- 3.5.1.1 The benefit derived by an employee under a stock option plan (even where the plan is qualified) is not specifically referred to in the social security regulation. A formal position has not been taken by the IKA authorities on this issue. In practice most employers treat the benefit as subject to social security contributions in order to protect the deductibility of the payroll expense (see section 3.5.2).

3.5.2 Corporate tax deduction

- 3.5.2.1 The MoF Circular, which outlines the tax treatment of qualified stock option plans for employees, does not address deductibility issues. It does state however that the favourable tax treatment that is provided to employees under qualified Greek plans, derives from the fact that there is no cost for the employer. It bases this on the fact the shares provided come from a share capital increase and therefore since the company issues new shares it does not incur an expense¹⁴.
- 3.3.2.2 In respect of administrative expenses incurred in running a plan the MoF Circular is silent. In general, any such expenses will be treated in the same manner as any other expenses incurred by the Company. Greek tax law provides that expenses can be considered deductible if they are productive, in other words incurred for the purpose of providing a positive financial benefit to the Company and supported by the properly issued fiscal documents¹⁵.
- 3.5.2.3 For PD30/1988 stock option plans, according to the MoF's February 2002 individual reply, the cost suffered by the company in providing shares to its employees for less than FMV at exercise is considered a payroll expense. Therefore the costs equal to the spread (the difference between the exercise price and FMV of the shares at exercise) should be deductible for corporate tax purposes. According to the individual reply, recharges from a non-Greek parent company to a Greek company representing the spread in relation to Greek employees' options are also considered as a payroll expense¹⁶.
- 3.5.2.4 The individual reply is limited in that it does not attempt to address the number of issues and variations that can arise in relation to stock option plans.
- 3.5.2.5 In respect of administrative expenses incurred in running the plan the MoF Circular is silent. In general any such expenses will be treated in the same manner as any other expenses undertaken by the company. Greek tax law provides that expenses

¹⁴ MOF CIRCULAR 1185/7.6.2000

¹⁵ Law 2238/1994 (the income tax regulations).

¹⁶ MOF INDIVIDUAL REPLY 8 February 2002 Protocol Number 1097047/11187/2002/B0012

can be considered deductible if they are productive and supported by the properly issued fiscal documents. The timing of the corporate tax deduction will be the time that the payroll expense is realised. The deduction must be claimed in the fiscal year to which it relates¹⁷.

- 3.5.2.6 It should be noted that at the moment there is a complete absence of applicable tax accounting and social security regulations regarding the taxation of stock option plans (other than qualified Greek plans under Law 2190). The Ministry has only thus far released in February of 2002 an individual reply whose authority is extremely limited as it is not considered a binding policy statement, as would be a circular. The individual reply does not address any of the practical issues regarding the implementation of such plans and therefore there is no official guidance available to companies in respect of the tax obligations that arise.

4. Issues for employees

4.1 Reporting obligations

- 4.1.1 There are no reporting obligations for the employee in relation to the grant or exercise of stock options under a qualified plan. However on the disposal of non-listed shares the employee must report the sale price and the number of shares disposed of.
- 4.1.2 For PD30/1988 stock option plans, the employee is required to report income on the exercise of an option in the same manner as employment income, on their annual income tax return Form E1. All employment income for a given calendar year appears on the annual salary certificate issued by the employer to the employee. No specific regulations exist providing otherwise for stock option plan benefits¹⁸.
- 4.1.3 The salary certificate does not break down income. This information is reported on the annual income tax return Form E1 and the tax year is the calendar year. The annual income tax return for calendar year 2002 is filed in 2003. The actual filing date depends on type of income involved. For individuals receiving employment income the return is filed in May. The filing date is indicated by the last digit of the taxpayer's Tax Registration Number¹⁹.
- 4.1.4 The employee does not have any reporting obligations in relation to the sale of shares. Tax is withheld/paid by the broker mediating for the sale of the shares.

4.2 Cashflow issues

- 4.2.1 The tax regulations and the MoF Circular do not address the issue of assisting employees to alleviate any cashflow problems as a result of incurring a tax liability.

¹⁷ (article 31 Law 2238/1994)

¹⁸ article 57 L.2238/1994

¹⁹ article 57 L.2238/1994

4.3 Change in employee's residence status

- 4.3.1 This issue is not specifically addressed by the MoF. According to the MoF's February 2002 Individual Reply taxation is triggered at the time of exercise. Moreover, according to the Income Tax Regulations (Law 2238/1994), Greek source income (which employment income is considered when paid by a Greek employer or paid in connection with employment services rendered in Greece) is taxable in Greece regardless of residency. On this basis, it appears that the tax treatment does not differ if an employee was tax resident at exercise and not at grant, or was tax resident at grant but not exercise or was neither tax resident at grant or exercise in Greece but was resident there in between.

5. Issues for employers

5.1 Reporting obligations

- 5.1.1 There are no reporting obligations for the employer in respect of the grant, exercise or sale of shares derived from qualified stock options.
- 5.1.2 For PD30/1988 stock option plans, employers report information in the same manner as any other employment income. No specific regulations exist providing otherwise for stock option plan benefits. On this basis the employer reports just the amount of income that results for the employee and the amount of withholding carried out (see section 5.2). The amount of income that results is not reported separately but together with all other income for the period.²⁰
- 5.1.3 The employer files a bi-monthly employment income tax return with its local tax office. The employer must file bi-monthly tax returns when withholding taxes are paid, usual on the 20th day of the month following the end of the bi-monthly return period. In addition, the annual withholding income tax return must be filed by 10 March following the end of the tax year in which the income arose.

5.2 Withholding obligations

- 5.2.1. The employer does not have a withholding obligation in relation to qualified stock option plans, as there is no tax to collect.
- 5.2.2 For PD30/1988 stock option plans the local employer has a withholding obligation in relation to the exercise of the option in accordance with general income tax regulations applicable to employment income²¹.
- 5.2.3 The employer is required to withhold at the employee's marginal rate of income tax unless income is reflected on a payroll listing separate from regular salary, in which case withholding at the rate of 20% can take place. If 20% withholding takes

²⁰ article 57 L.2238/1994

²¹ article 57 L. 2238/1994

place, the employer is required to account for the appropriate withholding on the basis of employee's marginal rate by the end of the calendar year concerned ²².

5.2.4 Generally the employer withholds any tax liability arising in respect of a share option from salary. However this is an issue that is not specifically addressed by any regulation/circular. On the basis of general practice, withholding takes place from other salary. How any shortfall is dealt with is not covered by any regulation/circular²³.

5.2.5 Income tax withholding is paid over by the employer in the same method as all other such withholding, through the filing of the bi-monthly Employment Income Tax Withholding Return ²⁴.

6. Legal issues

6.1 Process/timeframe

6.1.1 Generally it takes six to eight months to implement a stock option plan given the novelty of such plans, the absence of straightforward regulations and the need to consider employment law issues.

6.1.2 The process for implementation is that a general meeting of shareholders (GM) must be held to adopt a stock option plan for the chairman and members of the board of directors, the Managing Director and all the staff of the company, as well as the staff of its affiliate companies.

6.1.3 The resolution of the GM must specify in particular the maximum number of shares that can be issued under the plan that may not exceed one tenth of the total number of shares issued by the company, the exercise price and other conditions of exercise for employees. The identity of the participants and all other relevant details are determined by a resolution of the board of directors.

6.2 Employment law

6.2.1 There are anti-discrimination laws that need to be considered in relation to the grant of options. These laws must be applied in relation to all employees of the same or equivalent grade.

6.2.2 Where an employee has been awarded share options and is subsequently dismissed, his ability to make a claim for damages against the value of the options in the event of unfair or unlawful dismissal has not been tested. Greek employment law is generally very favourable towards the employee and such a right may arise in the case of unfair or unlawful dismissal.

²² article 57 L. 2238/1994

²³ General Practice

²⁴ article 57 L.2238/1994

6.3 Data protection

- 6.3.1 Data protection is governed by the Personal Data Protection Law 2472/1997. Its provisions may hinder the implementation of the plan if it requires the disclosure of employees' personal data to someone other than the employer. In that case, the prior written permission of the employee is required²⁵.
- 6.3.2 However, if a foreign parent company is involved in the stock option plan, the local employer may transfer employee details to its parent company provided that:
- The employer has notified the special Personal Data Protection Committee that he holds such employees' personal data file and that he intends to communicate it to another party.
 - The employer informs the employees that their personal data will be communicated to another party, giving them the details of such party, and the employees agree to that communication.
 - The employer communicates the employees' data to another EU country; if in fact such data are communicated to a non-EU country, the prior approval of the Personal Data Protection Committee is required.
- 6.3.3 There are several administrative and civil penalties fines imposed for breach of data protection rules. For example, administrative penalties including license revocation, financial penalties, criminal sanctions, imprisonment up to three years, civil penalties and compensation of the victim. Such penalties are imposed on the company's legal representatives, that is, its chairman and executive members of the Board. To date, we are not aware of any cases where penalties have been imposed in connection with stock option plans.

6.4 Stock exchange issues

- 6.4.1 A company wishing to implement a share option plan in Greece requires shareholder approval as explained above. There are no requirements for a company to issue a prospectus and there are no restrictions on employees holding foreign shares.

6.5 Securities law

- 6.5.1 There are no restrictions on the number of individuals who can participate in a plan. The minutes of the GM adopting the plan must be filed with the local prefecture. In the case of a listed company, the minutes must be filed with the Ministry of Development, and a summary of the resolutions taken must be filed with the ASE on the day after the GM. In the event of non-compliance, the company will be fined.

²⁵ L. 2472/1997

- 6.5.2 In addition proof of payment of the 1.1% tax on the Share Capital Increase is required. This proof consists of the deposit receipt to the Bank of Greece of the duty for the Capital Committee.

6.6 Financial assistance

- 6.6.1 Greek company law generally prohibits the granting of any kind of loans to directors, managing directors and executives. In respect of loans for the purchase of shares, Greek company law prohibits the grant to third parties. The law is not clear on whether this includes employees. Greece has not fully implemented the EU Directive that would allow such financial assistance²⁶.
- 6.6.2 If a company fails to comply the transaction is considered null and void. There is a fine of €880 and/or imprisonment. Salary advances are permissible. However, they are generally of a very limited duration (for example one month)²⁷.

6.7 Other

- 6.7.1 Greece has abolished foreign exchange controls and there are no requirements to register a plan in Greece prior to launch. Employee shareholders have no rights in respect of shares under option prior to exercise.
- 6.7.2 When an employee wishes to transfer shares standard formalities applicable to all shareholders must be complied with, e.g. use of broker (all related formalities are handled by the broker). Also, insider-trading regulations would apply to senior management and, generally, employees who have access to price-sensitive information.
- 6.7.3 Standard costs such as brokerage fees are borne by the seller of the shares.

7. Sourcing shares for stock option plans

- 7.1 Qualified plans can operate only in relation to shares issued through a capital increase. It is important to note that a capital increase is only possible during the month of December, which is typically when options become exercisable. This means that an option that becomes exercisable at some other time in the year cannot actually be exercised until December.
- 7.2 PD30/1988 stock option plans can operate only in relation to shares bought in the market.
- 7.3 Holding treasury stock in Greece is generally prohibited. Under art.16 of L. 2190/1920 a Societe Anonyme may not acquire its own shares but this prohibition shall not apply in the case of²⁸:

²⁶ L.2190/1920 par 1 and 2, art. 23a

²⁷ L.2190/1920 par.4, art. 23a

²⁸ art.16 of L.2190/1920

- Acquisitions made for the purpose of distribution of shares to company personnel or to personnel of an affiliate company;
- Supporting the price of its share on the stock market.

7.4 This also applies to subsidiaries holding shares in the parent company. There is little in the way of regulatory guidelines dealing with issues that may affect the adoption and/or running of stock option plans apart from general legal principles.

8. Role and influence of existing shareholders

8.1 Shareholders have no role other than that covered in 6.1 above. Most companies are subject to majority ownership/control by a single investor or family. Many of the largest companies are partially privatised formerly state owned entities whose shares are held by institutional investors that tend to be influenced by the government, which often continues to be the largest shareholder.

9. Accounting

9.1 Greek generally accepted accounting principles (GAAP) is the Greek General Chart of Accounts. However no prescribed accounting treatment exists for foreign stock option plans or for PD30/1988 Greek stock option plans. However, as the spread can be characterised as a payroll expense, this should be charged to the Profit & Loss account.

9.2 Shares purchased by a company for distribution to its employees (under PD30/1988 plans) are recorded as securities (own shares) in the assets of the company with a corresponding liability created as a reserve (own shares). When the shares are distributed to the employees a corresponding expense is created representing employee benefits.

9.3 Under qualified stock option plans, shares are issued through a capital increase. Accordingly to MoF guidance, there is no cost for the employer and therefore no Profit & Loss account expense.

10. Miscellaneous

10.1 Trusts are not generally used for local plans. We are only aware of trusts being used in conjunction with the operation of foreign plans.

10.2 Consultation with a trade union or similar representative body is desirable as, Greek unions are generally very active. However consultation is not a compulsory requirement under law.

10.3 In order for the shares to be issued, a dossier must be filed with the ASE containing the following:

- Application/letter of the company containing a list of all the participants exercising options, as well as any other relevant information (date of exercise, number of shares etc).
 - Minutes of Board resolution certifying payment of the share capital increase resulting from the exercise of the stock option plan.
 - Approval by the Ministry of Development of the share capital increase and publication in the Companies Register.
 - Proof of payment of 1.1% tax on the share capital increase (this tax is payable by the company carrying out the capital increase. The tax is payable within 15 days of the date the decision of the shareholder's meeting is entered into the AE registry at the prefecture. The tax is paid to the local tax office).
- 10.4 The company must list its new shares on the ASE within 15 days from the approval of its application from the board of directors of the ASE (ASE BOD).
- 10.5 If the company fails to comply with the above requirements and no approval from the ASE is given, the plan is cancelled, but no penalties are imposed.

11. Special points to note

11.1 Mitigation of income tax

- 11.1.1 There are no special provisions allowing the mitigation of income tax that accrues over more than one year.

11.2 Mitigation of social security contributions

- 11.2.1 There are no special provisions allowing the mitigation of social security that accrues over more than one year.

11.3 Mitigation of tax on sale of shares

- 11.3.1 It is not possible to mitigate a tax liability on disposal of shares. Any transfer of shares triggers the transfer tax.

11.4 Special provisions for SMEs

- 11.4.1 There are no special provisions in Greek stock option legislation relating to SMEs.

Note: Individual country reports have been prepared covering employee stock options in the EU and the USA. These individual reports are of a general nature and subject to change based on individual circumstances. PricewaterhouseCoopers has also provided the EU with an overview report. This overview report sets out the basis on which the individual reports were prepared and should be referred to as necessary. In particular, it should be noted that the information in the reports is current as at 1 January 2002, unless otherwise stated. In the case of certain known subsequent changes, reference may be made on occasion but a full update exercise has not been carried out. Further information can be obtained from PricewaterhouseCoopers.