



Press Release

V. Rapanos: Our tax system needs to be further reformed and modernized

To become socially fair, efficient and attractive to investors

The Chair of the Board of Directors of Alpha Bank, Vasileios Rapanos, who spoke at the Delphi Economic Forum VIII, sent the message that **“with a more serious tax administration and with the use of new technologies, the tax system will cease to be an enemy of growth and social justice”**. In his speech, Mr. Rapanos pointed out that **changing the tax rates is easy**, yet greater attention should be paid to **structural changes**, such as changes to the functioning of the tax authority and of the Ministry of Finance, in order for the tax system **to ensure tax stability in the future**.

“Our tax system does not ensure a stable environment for future investors”

“No field has undergone more reforms over the last 50 years in the Greek Public Administration than our tax system. Its structure, however, remains the same as it was 50 years ago and is similar to the structure of tax systems in developing countries and former communist states, not to that of the euro area countries,” he said when he was asked about the attractiveness of the Greek tax system to investors, compared to the rest of the European Union and to the euro area. In support of his point, Mr. Rapanos mentioned that the American **Tax Foundation** Think Tank ranks Greece in the 29th position out of the 38 OECD countries in terms of the attractiveness of its tax system. He also stressed that, despite the progress which has been made, **“our tax system does not ensure a stable environment for future investors, as the dispute resolution mechanism in place, which is outdated and in urgent need of reform, acts as a deterrent against foreign investment.”**

The issue of business taxation is also a matter **giving rise to concern**, as **“in Greece business profits are taxed at 22% and dividends at 5%, while in Ireland at a rate of 12.5% and of 50% respectively”**, he said.

“The tax treatment of families in Greece is the most unfavorable in the European Union”

Regarding personal income tax, Mr. Rapanos pointed out that **its progressivity was dramatically stepped up**, explaining that the income threshold for the imposition of the maximum tax rate (44%) has been reduced to just Euro 40,000. **“Completely exhausting the progressiveness of the income tax system over such a short range of incomes reflects an approach that appears to be fixated on tax collection. It is characteristic that the tax treatment of families in Greece is the most unfavorable in the European Union,”** he noted. **“We have created a tax system that burdens the most productive workers, who are paid good wages, with the State punishing them with a ‘confiscatory’ tax,”** he concluded.

The Chair of the Board of Directors of Alpha Bank added that **the greatest part of tax revenues come from indirect taxation**, as indirect taxes yield twice as much revenues as income tax. **“Indirect taxation displays many features of regressiveness. In the years of the crisis, the poor households were paying a very large part of their income in taxes.”** The tax system is equally unfair **“to the hardworking and well-paid workers,”** he said, adding that **“82% of direct tax revenues come from wages and pensions.”**



“The tax system should not be the enemy of growth and social justice”

“What needs to be explained now is why we are paying so much in taxes while we should be paying less,” Mr. Rapanos said, identifying the lack of trust, planning and investments as the causes of the tax system’s weaknesses.

“The Greek State legislates as if 100% of the taxpayers were tax evaders. We need to put together a medium-term plan for our tax policy and to change the structure of the tax administration, so that the State no longer considers all Greeks as tax thieves,” he said. **“Despite the significant progress achieved with the establishment of the Independent Authority for Public Revenue, many weaknesses of the past remain and the Authority has not been enhanced with human resources possessing the skills and the knowledge to effectively take advantage of new technologies for reducing tax avoidance and tax evasion,”** he added. Mr. Rapanos highlighted the fact that **“80% of the operating expenses are intended for salaries and, as a result, there are very few resources left to improve the tax authority’s capacity to do its job.”**

Concluding his speech, **the Chair of the Board of Directors of Alpha Bank advocated the adoption by the Public Administration of a mechanism of out-of-court settlement,** calling on the State to lead by example **“so that disputes can be settled much faster.”**