

Greek Reforms

in the context of the

20/02/2015 EUROGROUP Agreement

MARCH 2015

1. Introduction

This document presents for the first time a full summary of the reforms and legislative projects that will be undertaken by the Government of Greece under the terms of the February 20, 2015 extension of the MFAFA. It is presented to Greece's European partners as a step towards completion of the Final Review of the present arrangement by the agreed target date of the end of April, 2015. Over the intervening month, the Greek Government is prepared to share full details of the technical judgments underlying the fiscal projections presented here, while seeking the benefit of the expertise and practical experience of its partners to refine and improve the estimates.

The larger purpose of this document is, in the first instance, to unlock short-term financing that will permit the Greek government to meet immediate obligations, and to meet the stipulations of the European Central Bank so that Greek government bills may again be issued to Greek banks and rediscounted at the ECB. The Greek government considers that these steps are now essential preconditions for the stabilization of the Greek economy and to begin the recovery of Greek institutions and society from the crisis of the past six years, whose consequences are visible and known to all.

The Hellenic Republic considers itself to be a proud and inalienable member of the European Union and an irrevocable member of the Eurozone. Yet the viability of that Union, and especially of the common currency, is now in question, in the minds of many Greek citizens as it is in the minds of many among our European partners. The question before us all, as Europeans, is whether the European Union can rise to the challenge before it. It is necessary now, without further delay to turn a corner on the mistakes of the past and to forge a new relationship between member states, a relationship based on solidarity, resolve, mutual respect and a new hope for common progress. To that end, it is now urgent that the books be closed on the past programme with the rapid conclusion of the Final Review, so that Greece and her partners can proceed to negotiate and to launch a new partnership and a new model for development and growth in Greece.

2. Macroeconomic and Fiscal Context

Macroeconomic framework

The real output growth forecast for the Greek economy is 1.4 % for 2015 and 2.9 % for 2016. Both forecasts are lower than those projected by the Budget for 2015 (2.9 %) and the Programme for 2016 (3.7%). In particular, the new scenario assumes delay of consumption and investment plans in the first two quarters of 2015 due to continued uncertainty and a rebound in the second half of 2015 that continues into 2016 as uncertainty clears. The main drivers of real growth are consumption and investment expenditure - the former being more robust in 2016. The baseline scenario assumes no policy changes. Under this new scenario, unemployment is estimated at 23.4% in 2015 (in comparison to 22.6% in the 2015 Budget) and 21.1% in 2016.

Table 1 - Baseline Macroeconomic Assumptions

	2015 Budget			Updated Projections MoF		
	2014	2015	2016	2014	2015	2016
Real GDP Growth (%)	0.6	2.9	3.7	0.8	1.4	2.9
HICP (%)	-1	0.3	1.1	-1.4	-0.5	0.6
Unemployment	24.8	22.6	19.5	24.5	23.4	21.1

Source: Ministry of Finance, preliminary projections.

The Ministry of Finance real output growth forecast for 2015 is approximately equal to the median forecast of a wide range of domestic and foreign banks and research institutes.

Fiscal projections

Assuming no policy changes, the new macroeconomic environment is consistent with a primary fiscal surplus of 1.2% for 2015. Taking into account the effect of the measures to broaden the tax base and increase revenues for 2015, which amount to € 4.7 billion, the primary fiscal surplus for 2015 could increase substantially opening up some fiscal space.

Table 2 - Fiscal Projections				
Millions of Euros	2015 Budget		Updated Projections	
	2014	2015	2014	2015
Unit of Government				
State Budget	-631	2700	-2962	481
Local Governments	713	938	503	730
Social Security Funds	1588	-162	1299	-1011
Extra Budgetary Funds	1131	1411	1098	1297
State Owned Enterprises	778	1021	933	917
*Internal transfers adjustments	-278	-313	-278	-313
General Government Primary Balance	3301	5595	593	2101
as % of GDP	1.8	3.0	0.3	1.2

Memo Item (Millions of Euros)		
Financial Needs for 2015	21700	19000

Source: Ministry of Finance, preliminary projections

Tax administration in Greece has been plagued for decades by loose legislation, primitive technologies and weak enforcement, which together have fostered a climate of non-compliance. This in turn imposes a requirement of high rates, especially on taxes that fall on consumption and property and that are therefore harder to avoid, and the consequence of that in times of fiscal stress is extreme tax pressure on the general working population, along with increasing informality, tax evasion and a large backlog of tax arrears, most of which become uncollectible as time passes.

The new government is conscious that this cycle of non-compliance, tax pressure and de-formalization must be broken, and the only way to do that is to forge a new system of efficient and seamless tax administration in Greece. For this reason, the tax proposals of the new government seek to exploit best---practice experience in the partner countries over a large spectrum of tax policies. Each of these may be relatively small in immediate revenue raised, and the prospective revenues in each case are subject to uncertainty. But the comprehensive and broad---based approach will help to assure that, in the aggregate, significant revenues will be forthcoming. More important, comprehensive reform of tax administration will lay the groundwork for a more efficient and fair tax system in the future, and therefore a lower tax burden ongoing business concerns and compliant households as the Greek economy recovers.

Financing needs

In the government's baseline scenario, which assumes no policy changes, the country's financing needs stands at approximately € 19 billion. It is important to highlight that the shortfall of the 2014 primary surplus by 2709 millions was carried over into 2015, paid for from the general government's liquidity reserves.

Financial and Fiscal overview of the Greek Reforms

Table 3 shows an overview of the total financial and fiscal impact of Greek Reform program.

Table 3 - Overview of Financial and Fiscal Impact of Greek Reforms - General Government				
	2015			
	Min (Millions of Euro)	(% of GDP)	Max (Millions of Euro)	(% of GDP)
Net Revenues	6184	3.5%	7711	4.2%
Net Expenditures	1148	0.6%	1148	0.6%
Net Financial Impact	5036	2.8%	6563	3.6%
Of which:				
Net Fiscal Revenues	4684	2.6%	6111	3.4%
Net Fiscal Expenditures	1148	0.6%	1148	0.6%
Net Fiscal Impact	3536	1.9%	4963	2.7%
Non Fiscal Revenues	1500	0.8%	1600	0.9%

Source: Ministry of Finance and Technical Group, preliminary projections

Table 4 shows the range of fiscal scenarios associated with the full implementation of the reform agenda.

Table 4 - Fiscal Scenarios for Greek Reforms	
Scenario 1 - Primary Balance GG for 2015	% of GDP
Baseline Scenario	1.2
Min. Fiscal Impact of Reform Program	1.9
Primary Balance	3.1
Scenario 2 - Primary Balance GG for 2015	% of GDP
Baseline Scenario	1.2
Max. Fiscal Impact of Reform Program	2.7
Primary Balance	3.9
Memo Item - Primary Balance Target Final Review	3.0

Source: Ministry of Finance and Technical Group, preliminary projections.

Table 5 describes the list of policy measures with a projected positive fiscal impact for 2015.

Table 5 - Policy Measures with Net Fiscal Revenue Impact (Millions of Euros)			
Reform Area	Policy Actions	2015	
		Min	Max
Taxation	Intensification of audits on lists of bank transfers and offshore entities	725	875
	Combating illegal trade on oil, tobacco and alcohol	250	400
	Enforcement transfer pricing legislation	40	60
	Introduction of a VAT lottery scheme	270	600
	Fight against VAT fraud	350	420
	Improvement of state revenue collection mechanism	225	235
	Instalment scheme	300	400
	Initiatives to increase revenues	414	450
	Implementation of TV advertisement tax	50	70
	Luxury tax	20	20
	Streamling income tax code	300	400
	Tax evasion by independent business professionals	20	30
	Incentives for tax payments based on audits	100	200
	Administrative dispute settlement on property taxation	50	70
	Cultural heritage	5	10
Other Tax Public Revenue Mobilization	E-gaming	125	175
Public Finance Management	Public tender/auctions for TV licences	350	380
	Public Procurement	180	180
Public Administration	Introduce electronic payments to address shadow economy	200	266
	Enhancing compliance with EU legislation	200	210
Social Security Reform	Improved regulation settlement for debts	300	300
	Utilization of remaining assets of social security	50	50
	Reinforcement public control mechanism	150	300
	Merging social security institutions	10	10
Total Revenues		4684	6111

Source: Ministry of Finance and Technical Group, preliminary projections.

Table 6 aggregates the measures with an expected negative fiscal impact.

Table 6 - Policy Measures with Net Fiscal Expenditure Impact (Millions of Euros)		
Reform Area	Policy Actions	2015
Judicial Reform	Comprehensive digital strategy for the judicial system	70
Social Security Reform	Postponement zero deficit clause	326
	Replacement of one-off formula	70
	Conservation of conditions for EKAS	82
	Partial reintroduction of 13th pension to low pensions	600
Total Expenditures		1148

Source: Ministry of Finance and Technical Group, preliminary projections.

Table 7 and 8 aggregate those measures that do not affect the primary surplus, but have a positive financial effect for other reasons.

Table 7 - Policy Measures - Non Fiscal Revenue (Millions of Euro)			
Reform Area	Policy Actions	2015	
		Min	Max
Privatization	Privatization	1500	1600

Source: Ministry of Finance and Technical Group, preliminary projections.

Reform Areas

3. Taxation

3.1. Intensification of audits on lists of bank transfers and offshore entities

a. Current situation: The government is in the process of finalizing the auditing of transfers. This audit will make it possible to home in on un-taxed incomes, potentially representing a source of significant tax revenues. The same is true of lists of Greek citizens with deposits in foreign banking institutions. Moreover, there are 500 pending cases that refer to audits that have been completed since 2013, but corresponding tax obligations have yet to be assessed given the legal requirement determining that existing cases are audited again by the respective tax offices.

b. Proposed measures: The GSPR (General Secretariat of Public Revenues) will combine bank transfer and tax return databases in cooperation with SDOE (the financial crime squad) anti-corruption prosecutors.

- Strengthen banking sector data mining techniques and improve current risk analysis system under the guidance of the Greek government's OECD experts.
- GSPR has identified a set of 5 complementary measures to accomplish this policy goal. The details of these initiatives are readily available for discussion with the institutions.
- This policy is a component of one of the items in the Eight Bills-Actions-Structural Reforms (EBASR) to be introduced shortly (EBASR-3).

c. Responsible authority: GSPR, SDOE.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: €725 to €875 million in 2015. €1 billion from 2016 onwards. Technical details for this calculation are available from GSPR.

3.2. Combating illegal trade on oil, tobacco and alcohol

a. Current situation: Petroleum, alcohol and tobacco products smuggling will be targeted. In previous years anti-smuggling efforts have been fragmented and not reflecting best practices.

b. Proposed measures: Staffing and operation of Customs Mobile Control Units with auditors, in order to carry out 24/7 checks on a daily basis. Further cooperation and assistance with European partners. GSPR has identified a set of 11 complementary reforms to accomplish this policy goal. The detail of these initiatives is readily available for discussion with the institutions.

c. Responsible authority: GSPR, SDOE.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: from €250 to €400 million in 2015. €400 million from 2016 onwards. Technical details for this calculation are available from GSPR.

3.3. Enforcement of transfer pricing legislation

a. Current situation: Greece delayed the adoption of the OECD's Transfer Pricing Guidelines for Multinational Enterprises. Greek legislation also envisages the conclusion of Advance Pricing Agreements (APAs). Specific actions will need to be taken for the enforcement of both the guidelines and existing legislation.

b. Proposed measures: Legislation has recently been introduced (Law 4321/2015, article 21) according to which expenditures representing a high risk of transfer pricing incidence will incur ex-ante the corporate tax of rate of 26%.

- Introduction of a Diverted Profit Tax similar to the one recently adopted by the United Kingdom.
- Close cooperation with OECD, TFGR experts and European partners to facilitate the process of implementation of the guidelines. Furthermore, cooperation will allow undertaking studies to identify current gray areas and companies over-exploiting opportunities via intra-group transactions.

c. Responsible authority: GSPR.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: from €40 to €60 million in 2015. €400 million from 2016 onwards. Technical details for this calculation are available from GSPR.

3.4. Introduction of a VAT lottery scheme

a. Current situation: VAT evasion takes the form of non-issuance of receipts concealing the actual value of the transaction. Consumers often collude with sellers to receive goods and services without the issuance of receipts so as to avoid being charged with VAT. To give costumers an incentive to abstain from this practice, a VAT lottery scheme is considered.

b. Proposed measures: Implementation of a lottery system rewarding costumers for demanding a receipt, as implemented recently in Portugal, Slovakia and Malta. Close cooperation and assistance from tax authorities in this countries, as well as other European partners will be requested to accelerate this process.

- GSPR has already prepared a proposal for a pilot application of the VAT lottery using own technical resources. Close cooperation and assistance from tax authorities in this countries, as well as other European partners will be requested to accelerate this process.

c. Responsible authority: GSPR.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: from €270 to €600 million in 2015. €590 million from 2016 onwards. Technical details for this calculation are available from GSPR.

3.5. Fight against VAT fraud

a. Current situation: Based on a study by the Belgian tax authorities, the Greek State could "save" approximately €1 billion from the fight against VAT fraud. The GSPR is committed to combat VAT fraud. In particular, both Belgian and Greek tax authorities are working together on identifying the VAT fraud in Greece through the use of a special social network analysis software (SNA by SAS Institute).

b. Proposed measures: Strengthening of the special VAT fraud unit within YEDDE.

- The GSPR intends to actively seek funds for the purchase of the SNA software, possibly through the Siemens Settlement Fund. With the SNA, the special VAT fraud unit will be able to identify almost in real-time both large and small fraud networks.
- Close cooperation with Belgian Tax authorities to ensure the prompt implementation and use of the SNA software.

c. Responsible authority: GSPR.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: from €350 to €420 million in 2015. €420 million from 2016 onwards. Technical details for this calculation are available from GSPR.

3.6. Improvement of the VAT collection mechanism

a. Current situation: VAT Revenue Collection is hampered by low percentage of e-payments on a day to day basis.

b. Proposed measures: To improve the VAT collection mechanism a split payment model, is proposed along the lines of the special report prepared by PwC and ordered by TAXUD.

- B2B (above EUR500) and the majority of B2C transactions (above EUR1.500), which according to Greek legislation should be paid via bank accounts and bank instruments, will be eligible for the split payment method.
- Close cooperation with TAXUD to ensure the proper implementation of the split payment model.

c. Responsible authority: GSPR.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: A pilot program will be implemented during the year. Based on this, the GSPR will be able to project future revenues associated with this measure.

3.7. Enhance monitoring of the digital economy

a. Current situation: The GSPR has set up a special unit focusing on electronic commerce and intends to intensify audits on enterprises that use modern business models for their operations following guidelines established by the OECD.

b. Proposed measures: Introduction of legislation that would allow the GSPR to create fake profiles in order to engage in transactions with digital enterprises that are suspected of tax evasion.

- Close cooperation with the OECD to establish an Action Plan on Base Erosion and Profit Shifting tailored to the special characteristics of the Greek economy.

c. Responsible authority: GSPR.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: Based on the cooperation with the OECD, the GSPR will be able to project future revenues associated with this measure.

3.8. Improvement of the state revenue collection mechanism

a. Current situation: Almost 85% of arrears is considered to be non-collectable, due to the time that has elapsed since its assessment, the likely bankruptcy of the taxpayer, instances of debt owed by state owned or non active companies and in certain cases, the unreasonably large accumulated amount of assessed tax, surcharges, fines and penalties.

b. Proposed measures: Review of the Code of Public Collection (KEDE) as well as the Code of Civil Procedures on which KEDE rests, alongside write-off rules for debts. This will help to clear the stock of old non-collectable debts, mainly the cases handled by the Large Debtor Unit.

- Focus on collectable debt in parallel to the implementation of new collection tools (gradual extension of the e-garnishment system, e-garnishment of salaries above a certain threshold, review of legislation for garnishing bank safes, among others).
- GSPR has identified a set of 7 complementary reforms to accomplish this policy goal. The details of these initiatives are readily available for discussion with the institutions. Of special importance is the necessity to ensure the full staffing of the Large Debtor Unit.
- This policy is a component of EBASR-4.

c. Responsible authority: GSPR.

d. Timetable: Progressive implementation between 2015 and 2017.

e. Quantification of fiscal impacts: from €225 to €235 million in 2015. Technical details of calculation are available from GSPR.

3.9. Installment scheme

a. Current situation: The collectability of the new tax liabilities is terribly weak (only 13%) and so arrears have been increasing during the past 2 years, at a rate of more than €1 billion per month. More than 3.5 million taxpayers are no longer able to meet their tax obligations.

b. Proposed measures: Amend the legislation for repayments of tax and social security arrears. Also, to de-criminalize lower income debtors with small liabilities in order to avoid their marginalization from the formal economy.

- Close cooperation with the OECD, to establish best practices adapted to the realities of the country following the Working Smarter in Tax Debt Management report on strengthening enforcement methods and procedures.
- This policy is a component of EBASR-4.

c. Responsible authority: GSPR.

d. Timetable: Already legislated and to be implemented throughout the year.

e. Quantification of fiscal impacts: from €300 to €400 million in 2015. €400 million from 2016 onwards. Technical details of calculation are available from GSPR.

3.10. Strengthening the internal tax dispute resolution unit

a. Current situation: An important issue that affects the function of the tax administration and the

collection of tax revenues in specific is the significantly high number of tax cases pending before the administrative courts. The judicial system is in a critical situation and a high volume of cases face severe delays. According to June's 2014 data, the pending court cases were 63,999.

b. Proposed measures: Strengthening of the internal tax dispute resolution unit within GSPR.

- Review of the existing legislation by the GSPR staff with a view to facilitating and encouraging the issuance of explicit decisions.
- This policy is a component of EBASR-6.

c. Responsible authority: GSPR.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact based on preliminary assessments made by the GSPR. Enhancement and promotion of voluntary compliance is expected.

3.11. Tax policy reform related to criminal charges

a. Current situation: Legal provisions for criminal charges on tax fraud need to be remodeled to distinguish between sincere taxpayers that may face difficulties in complying with their tax obligations and taxpayers who engage in large-scale tax evasion or strategic default. Once the criminal provisions' threshold is reached, the case should be treated as a criminal case, without the possibility of termination of the criminal proceedings by means of a compromise with the tax administration.

b. Proposed measures: Adoption of a bridge provision in the TPC (Law 4174/2013), which allows for cases of tax evasion committed by not reporting or under-reporting income, by actively misleading the tax authorities or by not paying VAT to be treated as criminal cases,

- When the criminal provisions are activated, the penalties and fines of the TPC will not be applicable and the case will be treated only by the criminal court. The criminal proceedings will not be affected by the recourse of the taxpayer to the dispute resolution facility of the Tax Administration or by recourse to administrative courts.
- This policy is a component of EBASR-3.

c. Responsible authority: GSPR and Department of Justice.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact based on preliminary assessments made by the GSPR. Enhancement and promotion of voluntary compliance is expected.

3.12. Initiatives to increase revenues

a. Current situation: A variety of actions must be taken to ensure the collection of previous years' taxes. The failure to collect taxes for many years running past was the result of either operational inefficiencies or due to the lack of appropriate data.

b. Proposed measures: Enforcement of the collection of special business fee on companies for 2013: In 2014, the sum of this fee amounted to €190 million, 70% of which is estimated to be collectable.

- Collection of vehicle inspection fees (KTEO): Revenues could be raised through introduction of legislation that would allow owners to pay the duty without, or with a small, penalty.
- GSPR has identified a set of 4 complementary measures to accomplish this policy goal. The details of these initiatives are readily available for discussion with the institutions.

c. Responsible authority: GSPR.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: from €435 to €450 million in 2015. Technical details of calculation are available from GSPR.

3.13. Implementation of TV advertisement tax legislation

a. Current situation: A law was passed in 2010 establishing a tax of 20% on revenue from TV advertisements. However, its implementation has been continually suspended through successive circulars of the GSPR. The last suspension occurred on January 21st 2015.

b. Proposed measures: Legislation that annuls the January 21st 2015 suspension leading to the immediate implementation of the law.

- Close cooperation with the OECD and European partners to study the possibility of extending this tax to advertisement to the digital media.

c. Responsible authority: Ministry of Finance, GSPR.

d. Timetable: June 2015.

e. Quantification of fiscal impacts: from €50 to €70 million in 2015. Technical details of calculation are available from GSPR.

3.14. Luxury tax

a. Current situation: This tax already affects those in possession of luxury goods (or assets such as cars, swimming pools, yachts).

b. Proposed measures: Increase the relevant tax rates.

c. Responsible authority: GSPR.

d. Timetable: June 2015.

e. Quantification of fiscal impacts: Around €20 million in 2015. Technical details of calculation are available from GSPR.

3.15. Wealth database-registry

a. Current situation: Pertaining mostly to real state, the idea here is to use a registry of assets in order to uncover cases of tax evasion by juxtaposing wealth with past declared income streams.

b. Proposed measures: New legislation will be required while the Government must ensure that the GSPR/GSIS has adequate funds for the necessary investment in IT systems as well as direct access to banking records.

- Close cooperation with the OECD to develop a study of the evolution of the wealth of the top 1% and its relation with tax practices in the country.
- This policy is a component of EBASR-3.

c. Responsible authority: GSPR.

d. Timetable: From June 2015 through June 2016.

e. Quantification of fiscal impacts: No fiscal impact based on preliminary assessments made by the GSPR. Enhancement and promotion of voluntary compliance is expected.

3.16. Streamline the income tax code

a. Current situation: Legislation will be introduced ensuring profits and salaries are taxed where the economic activity takes place.

b. Proposed measures: Modernizing the income tax code and eliminating exemptions. Streamline tax rates irrespective of income source (exceptions to be considered for highly mobile assets).

- Increase progressivity through imposition of a tax-free threshold and an increase in top marginal rates.
- This policy is a component of EBASR-3.

c. Responsible authority: GSPR, Ministry of Finance.

d. Timetable: Q2 of 2015.

e. Quantification of fiscal impacts: from €300 to €400 million in 2015. €400 million from 2016 onwards. Technical details of calculation are available from GSPR.

3.17. Tax evasion by self-employed business/professionals

a. Current situation: The incident of tax evasion amongst the self employed is traditionally high in Greece.

b. Proposed measures: A point of sale electronic application that will record every incoming customer and transfer real-time notifications to the authorities. Priority will be given to this application at businesses with a fixed location.

- Development of risk based targeted audits.
- Greek authorities will request cooperation from OECD and European partners specifically to target non-retail business which account for a significant share of tax evasion on this issue.
- This policy is a component of EBASR-3.

c. Responsible: Q2 of 2015.

e. Quantification of fiscal impacts: from €20 to €30 million in 2015. €30 million from 2016 onwards. Technical details of calculation are available from GSPR.

3.18. Incentives for the payment of taxes assessed upon an audit (assessment up to 31.12.2013)

a. Current situation: The backlog of court cases in the judicial system is a serious problem. By June

2014, there were 63999 pending court cases.

b. Proposed measures: Amend of prevailing legislation so as to remove legal impediments to administrative settlements.

- Establishment of Committees for administrative settlements at a regional level and transfer to them of cases that have not yet passed a first hearing in court.
- Reduction of penalties and surcharges at a rate between 33% and 50% when the taxpayer pays the full sum and does not pursue further legal action. This measure requires the passing of legislation with a view to covering cases of tax years up to 31.12.2013.
- This policy is a component of EBASR-4.

c. Responsible authority: GSPR, Ministry of Finance.

d. Timetable: June 2015.

e. Quantification of fiscal impacts: from €100 to €200 million in 2015. €200 million from 2016 onwards. Technical details of calculation are available from GSPR.

3.19. Strengthening the independence of GSPR

a. Current situation: According to L. 4093/2012 the GSPR was established as a semi-autonomous SG within the Ministry of Finance. In order to improve the functioning of the GSPR, its autonomy should be strengthened.

b. Proposed measures: Strengthen the independence of the General Secretariat of Public Revenues (GSPR), if necessary through further legislation, from all sorts of interference (political or otherwise) while guaranteeing full accountability and transparency of its operations.

- Staff adequately, both quantitatively and qualitatively, the GSPR and in particular the high wealth and large debtors units of the revenue administration and ensure that it has strong investigative/prosecution powers.
- Cancel duplication of investigative powers and functions between GSPR and other authorities, bringing all of them under GSPR.
- The Ministry of Finance has identified a set of 5 complementary measures to accomplish this policy goal. The detail of these initiatives is readily available for discussion with the institutions.
- This policy is a component of EBASR-1.

c. Responsible authority: Ministry of Finance, GSPR.

d. Timetable: June of 2015 through 2017.

e. Quantification of fiscal impacts: No fiscal impact. These measures will ensure a more efficient and effective tax collection in the country.

3.20. Administrative Dispute Settlement on property taxation

a. Current situation: Local tax agencies experience a high risk of losses on property taxation cases due to statutes of limitation. This has created incentives for the use of repeated adjournments of audits in order to evade taxes. This in turn has led to a large accumulation of cases in the dispute resolution unit and the administrative courts.

b. Proposed measures: Completion of these cases by means of streamlined speedy procedures.

- This policy is a component of EBASR-6.

c. Responsible authority: DOY

d. Timetable: From June 2015 through 2016.

e. Quantification of fiscal impacts: from €50 to €70 million in 2015. €70 million from 2016 onwards. Technical details of calculation are available from GSPR.

4. Other Public Revenue Mobilization

4.1. Cultural Heritage

a. Current situation: Despite being a country with one exquisite cultural heritage, public revenues from archaeological sites and museums are low. There is scope for increase of revenues from cultural heritage, while fully respecting its primary character as a public – common good of priceless symbolic significance.

b. Proposed measures: A new ticketing policy based on traffic, cultural significance and ticket prices comparable to other EU countries with free admission on Sundays once a month during summer and twice or more during winter (indicatively) and with special terms for specific social groups.

- Potential for on-site payment via debit/credit cards together with the implementation of e-ticketing at archaeological sites and museums, through a very low cost centralized platform, initially applied to the 33 most visited museums and archaeological sites with extended opening hours.
- c. Responsible authority:** Ministry of Culture, Education and Religious Affairs / Archaeological Receipts Fund (TAP).
- d. Timetable:** June 2015.
- e. Quantification of fiscal impacts:** Increase of €5 to €10 million in 2015. Increases of €20 million from 2016 onwards. Technical details of calculation available from the Ministry of Culture and TAP.

4.2. Regulation of e - gaming (gambling)

- a. Current situation:** The annual online betting transactions based on the current temporary-licensed Online Gaming framework are estimated to exceed €1.5 billion (excluding OPAP e-gambling revenue). The overall market of online gambling is estimated to exceed €3 billion annually and the total amount of illegal gambling accounts for €5 billion. Twenty-four OGPs are operating under a temporary licensing status, and the Greek government has been hitherto unable to define a specific fee value per license.
- b. Proposed measures:** Charge fees from the Sale of Licenses to Online Gaming Operators, for the extension of temporary licensing of existing OGPs for a period of five years. Require an upfront payment of €3 million for every Online Gaming license. This licensing fee will apply to existing or any additional OGPs.
 - Fees for the extension of a license after this 5-year period, based on actual market data, as described below.
 - Increasing taxable Online Gaming Revenue, as each licensed OGP will have to pre-pay a minimum tax of €1 million per year at the beginning of each fiscal quarter, irrespectively of the actual volume of transactions and with the possibility that other taxes are waived.
- c. Responsible authority:** Ministry of Finance.
- d. Timetable:** Q2 of 2015.
- e. Quantification of fiscal impacts:** €125 to €175 million during the first 12 months of implementation. From that sum, €50-100 million would be derived from taxes and the remainder would be generated by the 5-year license fees paid by the 24 existing Online Gaming Providers (€72 million). Technical details of calculation available from the Ministry of Finance.

4.3. Public tender/auctions for TV licenses

- a. Current situation:** Since the introduction of private TV channels in 1990, television licenses/frequencies have been handed out on a permanently “temporary” basis at minimal rental fees. This represents an important untapped resource.
- b. Proposed measures:** Greek authorities will modify legislation so as to auction off the frequencies. This process will take place following the OECD guidelines on Spectrum Tendering Process so as to ensure full transparency and efficiency in the process.
- c. Responsible authority:** General Secretariat of Communications, Ministry of Finance.
- d. Timetable:** Q2 of 2015.
- e. Quantification of fiscal impacts:** €350 to 380 million in 2015. Technical details of calculation available from the responsible authorities.

5. Privatizations

5.1. Privatizations

- a. Current situation:** The initial goal for revenues from privatizations was €50 billion between 2011 and 2016, with a €5 billion target for 2011, €10 billion for 2012 and €5 billion for 2013. In practice, proceeds from privatizations amounted to €1.6 billion in 2011, no revenues in 2012 and €1 billion in 2013. Seldom has a privatization program failed so spectacularly! Still the EU and the IMF insist in predicting privatization proceed in the order of EUR 22.3 billion 22.3 billion (by 2020). The Greek Government considers this target unrealistic, as investors’ interest is low, and competition among bidders is weak. Moreover, the previous privatizations were carried out amateurishly, and with

contracts that were legally insecure, the result being that many of the completed privatizations were nullified by the courts of Europe's competition commission.

b. Proposed measures: The Government has already begun to place privatizations on a sound basis, both legally and in terms of incorporating them into a broader development plan. HRDAF management had been revamped and the tender process that was interrupted by the elections has been re-started, e.g. in the case of Port Authority of Piraeus. Broadly, the government intends to consider privatizations on a **case-by-case basis** with a view to maximize the state's long-term benefits, guarantee minimum investment levels by the successful bidders, generate revenues, enhance competition, secure minimum working conditions for employees and promote economic recovery. The new HRDAF management is committed to comply with the following criteria:

- All existing contracts will be honored.
- All the procedures that have started are going to continue.
- The State is going to use all the legal tools available in order to negotiate in favor of:
 - An equity stake for the state in the privatized company, towards helping with the long term financing of social security funds.
 - Minimum levels of investment by the successful bidders.
 - Minimum protection, terms and conditions for employees.
 - Measures that enhance the local economies.

c. Responsible authority: HRDAF, respective Ministries.

d. Timetable: Ongoing

e. Quantification of fiscal impacts: Total revenues from privatizations in 2015 are estimated at €1.5 billion

6. Public Finance Management

6.1. Revenue Administration Reform

a. Current situation: Public financial management and revenue administration institutions/mechanisms lack credibility. Consequently, budget execution is substandard and tax evasion is encouraged.

b. Proposed measures: For the purposes of monitoring effectively the execution of the government's budget, as well as to assess independently the budget's projections, the government commits to make operational the Fiscal Council in accordance with the provisions of Regulation 432/2013. The procedure has already been outlined under the provisions of Law 4270/2014 which currently exist on paper but not in practice. To strengthen its function, save on resources and avoid duplication, the Fiscal Council will be unified with Parliament's own Office for the State Budget and will be encouraged to collaborate with the Government's Centre for Economic Research.

- The Greek authorities will collaborate closely with the OECD in order to improve public financial management. This includes collaboration in the elaboration of spending efficiency review, as well as an action specific update of Greece's budget review.
- The Ministry of Finance has identified a set of two complementary measures to accomplish this policy goal. The details of these initiatives are readily available for discussion with the institutions.
- This policy is a component of EBASR-5.

c. Responsible authority: Ministry of Finance

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact. Improvement in the efficiency and transparency of the public sector.

6.2. Enhancing monitoring and control of Public Finances - Reconciliation of payments to and from the Public Sector – "Citizen Points" scheme

a. Current situation: Despite recent efforts to improve monitoring and control of public tenders and procurement, the results remain mixed. More needs to be done to trace vendor financing and cartel-like behavior in the procurement process.

b. Proposed measures: Restoration and expansion of the "Diavgeia" system: Diavgeia was sidelined by the previous government and will now be restored and expanded in order to include all

documentation on “Decisions on Expenditure” in open formats (as opposed to current “closed-format” documents) for further processing and meta-analysis.

- Central registry for payments: Each payment related to public expenditure across the Government will have to be submitted to a central registry that will include details such as the beneficiary, time stamps, descriptions, categories, related project tenders, who authorized the payment etc. The central registry will then issue a code of validation that will allow for the release of the corresponding payment. The data in the central registry will be available as open data.
- “Citizen Points” scheme: Citizens that fulfill their tax obligations or any payments to the state on time will be collecting “citizen points”. Failure to meet payment deadlines will lead to subtraction of “citizen points”. Based on this scheme, the Government will be providing incentives in the form of, for example, tax reductions or priority services.
- This policy is a component of EBASR-5.

c. Responsible authority: General Accounting Office, Ministry of Finance.

d. Timetable: Q2 2015.

e. Quantification of fiscal impacts: No fiscal impact. Improvement in the efficiency and transparency of the public sector.

6.3. Public Procurement

a. Current situation: The system of public procurement in Greece suffers from a chronic problem of transparency and inefficiency regarding the allocation of resources. One of the main problems is the complexity of the legal and institutional framework. Recent EU directives (23 and 24/2014) include a specific institutional framework to address the risks deriving from public work concession contracts.

b. Proposed measures: Introduce the latest EU directives (24 and 25/2014) in the legal system and amend the law accordingly.

- Test the implementation of the new law in specified fields as a way to tackle administrative inefficiencies and security hazards.
- The Ministry of Economy has identified a set of 3 complementary reforms to accomplish this policy goal. The detail of these initiatives is readily available for discussion with the institutions.
- This policy is a component of EBASR-5.

c. Responsible authority: Ministry of Economy.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: 180 million in 2015. Technical details of calculation are available from the Ministry of Economy.

6.4. Electronic Payments

a. Current situation: According to available statistics, Greece’s shadow economy exceeded 24% of GDP in 2013. Although B2B transactions above €500 and B2C transactions above €1500 must currently be paid via bank or payment accounts held in Payment Service Providers, the current legislative framework is not deemed fully successful in battling the shadow economy. Best practices across Europe have yet to be adopted.

b. Proposed measures: The Greek Government will utilize ERDF funds in order to finance the widespread adoption of POS across all business sectors and professionals. The aim will be to make electronic payments through POS compulsory, especially at the professional services sector.

- No taxes, fines, or any other sort of payment to the Government (central or regional) or DEKO will be allowed to be paid in cash. Cash payments will only be accepted at Representatives of Payment Services Providers and Bank branches, and will therefore be registered.
- The Ministry of Finance has identified a set of 4 complementary measures to accomplish this policy goal. The detail of these initiatives is readily available for discussion with the institutions.

c. Responsible authority: Ministry of Finance, GSPR.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: €200 to €266 million in 2015. €560 million from 2016 onwards. Technical details of calculation are available from the Ministry of Finance.

7. Public Administration

7.1. Public Administration Reform

a. Current situation: Public administration remains inefficient. Bureaucracy and corruption are well-known issues. Numerous infringements of the European regulatory framework lead to sanctions which constitute an additional burden on public finances.

b. Proposed measures: Existing staff will remain in service, but positions will be re-organized according to the needs of the departments, with a detailed description of the position and its responsibilities.

- The Government is planning the full digitization of all services and procedures, with horizontal links with all Ministries, as well as banks and large organizations. Administrative procedures will be simplified in order to address over-regulation.
- The Ministry of Administrative reform has identified a set of 17 complementary measures to accomplish this policy goal. The detail of these initiatives is readily available for discussion with the institutions.

c. Responsible authority: Ministry of Administrative Reform and E-Governance

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: Currently under study by the responsible authority. These measures will ensure a more efficient and transparent public administration in the country.

7.2. Enhancing compliance with EU legislation

a. Current situation: Even though Greece is a top-two performer within the EU-28 regarding the transposition of EU legislation into national law, this record is sullied by poor enforcement performance. The sanctions imposed (monetary fines) constitute an additional burden on public finances, especially under the current fiscal position.

b. Proposed measures: Creation of a single monitoring and coordinating unit for EU legislation infringements, which will operate as a unique reference center and will provide certain procedure guidelines and specific measures to be adopted by each competent authority.

c. Responsible authority: General Secretariat of Coordination, Ministry of State

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: €200 million in 2015. €1 billion from 2016 onwards. Technical details of calculation are available from responsible authority.

8. State Owned Enterprises

8.1. Comprehensive government strategy for SOEs

a. Current situation: The Greek government owns a significant number of State-Owned Enterprises (SOEs) and Legal Entities. In spite of some positive developments as regards financial monitoring during recent years, the lack of a comprehensive government ownership strategy hinders the introduction of reforms that will raise operational efficiency of these organizations.

b. Proposed measures: Enhancement of monitoring and evaluation procedures of SOEs and legal entities by improving procedures concerning strategic and business plans of SOEs (i.e. Articles 5 and 6 of Law 3429/2005) and bring them in line with European best practices.

- In depth-review of SOEs and legal entities (assessment of current missions according to present economic and social situation and challenges, potential economies of scale and synergies between SOEs, joint projects with private investors, full investigation of corruption issues, etc.).
- The Inter-governmental Committee for SOEs has identified a set of 4 complementary measures to accomplish this policy goal. The detail of these initiatives is readily available for discussion with the institutions.

c. Responsible authority: Inter-governmental Committee for SOEs, Ministry of Finance.

d. Timetable: From June 2015 through 2017.

e. Quantification of fiscal impacts: No fiscal impact for 2015. €58 million from 2016 onwards. Technical details of calculation are available from responsible authority.

9. Business Environment & Competition

9.1. Company licensing reform

a. Current situation: The new business licensing legislation (4262/2014, followed by 2 relevant ministerial decisions) has proven instrumental in improving the existing framework, yet in a fragmented way. Indeed the objective is to establish a clear concrete and predictable legislative framework to support business activity and safeguard the public interest via corrective interventions. Admittedly the current improved legal and regulatory framework has helped create a transparent and comprehensive licensing system streamlining the process and encouraging business activity. However, amendments to the law's provisions are deemed necessary to address pending issues (detailed below).

b. Proposed measures: Amend relevant provisions regarding judicial decisions to safeguard the public interest.

- Revise and implement an enhanced and concrete categorization of firms, coupled with the introduction of necessary secondary law (presidential decrees and ministerial decisions).

c. Responsible authority: Ministry of Economy, Infrastructures, Maritime Affairs & Tourism
Ministry of Production Reform.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

9.2. Business Service Centres

a. Current situation: Local authority and public sector agency bureaucratic procedures are deemed highly inefficient. Key issues include the highly fragmented public service structure, overlapping scope of operation, the vast range and complexity of the existing regulatory framework and the lack of interoperability interface across IT systems and registries.

b. Proposed measures: Introduce Business Service Centres as a single point of contact for all business specific transactions with public authorities, spearheaded to reduce the administrative burden, streamline respective procedures, encourage business activity and increase competition.

c. Responsible authority: Ministry of Economy, Infrastructures, Maritime Affairs & Tourism
Uniform Independent Public Contract Authority.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: The responsible authority is currently undertaking an assessment of the potential costs, if any, of this measure.

9.3. NSRF Reforms

a. Current situation: The inadequate capacity of national and regional public institutions in long and medium-term development planning projects is documented as the key obstacle in utilizing European Structural Funds.

b. Proposed measures: The proposed reforms consists of four comprehensive measures to ensure the efficient management and allocation of resources, combat corruption, monitor key objectives and coordinate corrective actions. Indeed comprehensive measures to improve the planning, design and execution of the public works process coupled with the upgrading of the public procurement monitoring system will be introduced. Further the consolidation – upgrading of significant intermediary managing bodies is also deemed important.

c. Responsible authority: Ministry of Economy, Infrastructures, Maritime Affairs & Tourism.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: The responsible authority is currently undertaking an assessment of the potential costs, if any, of this measure.

9.4. Enhanced Property Rights legal certainty

a. Current situation: The highly complex and often conflicting PR legislation creates a sense of uncertainty to potential or existing investors hence undermining the value of property rights. Indeed, the legitimacy of several development projects has been questioned at both a regional and local level as the relevant planning decisions and controls were predominantly controlled by the highly centralized state.

b. Proposed measures: Three distinct measures have been proposed to introduce a comprehensive planning process backdrop across all Government levels including local, urban, regional and national.

Further, the Land Use legal framework will be revised so as to establish distinct categories for both urban and rural productive and non-productive areas. These categories will be moderately flexible to facilitate the integration of development schemes within the existing planning and environmental protection provisions.

c. Responsible authority: Ministry of Production Reform, Environment and Energy.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact based on preliminary assessments made by the responsible authority.

9.5. Strengthen the Hellenic Competition Commission

a. Current situation: The current legal framework and overall institutional set-up (revision of Competition Act (Law 3959/2011) and adoption of a new Presidential Decree governing the HCC's organization) leaves much to be desired vis-à-vis the enhanced advocacy role of the HCC with reference to EU best practices. However, implementation needs to be strengthened to enable the HCC to properly perform its consultative functions.

b. Proposed measures: Transfer of experts from other governmental departments.

- A hiring process for the vacant posts through a specialized recruitment competition (supervised by ASEP, as with all specialized scientific personnel of the HCC) should be launched.
- HCC's own training in the context of its standard cooperation with the OECD and the European Competition Network, should be sufficient to support the HCC's sustained involvement in the medium and longer term.

c. Responsible authority: HCC, Ministry of Economy.

d. Timetable: From June 2015 through 2016.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

9.6. Coordination of National Cadastre mapping process with the Property Registry

a. Current situation: The National Cadastre is scheduled for completion by 2020. Provided all stakeholders maintain momentum throughout the data compilation process, a comprehensive updated e land registry will be fully operational in less than five years. It is worth noting that the project is self funded whilst considerable cost containment benefits are anticipated (further details are available upon request).

b. Proposed measures: Proposed actions include the electronic submission and registration of land plots by all owners under a unified campaign and correlation of property rights against NCMA S.A. photo-maps. The simultaneous land and property registry in one single procedure will significantly reduce the national cadastre project (estimated by up to 30%) whilst also sourcing respective funds.

c. Responsible authority: Ministry of Production Reform, Environment and Energy National Cadastre and Mapping Agency S.A., (NCMA S.A.).

d. Timetable: From June 2015 through 2017.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

10. Addressing Critical Deficiencies of the Banking Sector

a. Current situation: The Greek banking sector has been marred by clientelism, by too close a link with the mass media and the political systems (through the provision of loans on non banking principles) and, lastly, by lending practices that were either too tight or too loose. The economic crisis has in addition created a vast amount of NPLs that impedes credit creation.

Proposed reform strategy: Broad and deep structural reforms aimed at ensuring financial stability, appropriate credit expansion and governance that constitutes a significant departure from suspect practices of the recent and not too recent past. The Greek government has planned a broad reform programme in order to address critical deficiencies of the banking sector, through the establishment of strong institutions and the introduction of solid processes for the functional supervision of the banks that ensure financial stability, a robust banking sector and banks that are run on sound

commercial banking principles. Dealing with the very high levels of NPLs is a top priority for consolidating the banks and restarting the economy. The government wishes to explore the possibility, in conjunction with the institutions, of a capital asset management company to be created towards dealing with NPLs utilizing the remaining buffer of the HFSF.

10.1. Safeguarding banking system's stabilization and liquidity

b. Proposed measures: The Greek authorities will have a closer cooperation with HFSF, BoG, SSM and ECB in order to establish a strategic framework to stabilize banks' deposits and ensuring the stable provision of credit to the economy.

c. Responsible authority: Ministry of Finance.

d. Timetable: June 2015.

e. Quantification of fiscal impacts: No fiscal impact given the administrative character of the measure.

10.2. Enhancing the independence and the potential of the Hellenic Financial Stability Fund

b. Proposed measures: Close collaboration with the SSM, the ECB and the European Commission so as to ensure that it plays its significant and crucial role in securing the banking sector's stabilization, while complying with EU competition rules, through an amendment of its founding Law (3864/2010). The Greek authorities will discuss appropriate ways for:

- utilization of the HFSF's participation in the banks so as to stabilize the value of its shares.
- creation of an asset management company using the HFSF's buffer to deal with NPLs.
- This policy is a component of EBASR-6.

c. Responsible authority: Ministry of Finance, HFSF.

d. Timetable: June 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

10.3. Strengthening the role of the Bank of Greece

b. Proposed measures: The core competencies of the BoG, besides monetary stability, should include the protection of operators and consumers against providers of banking products and services. In this context the extra-judicial settlement of disputes and requests can be made by the Bank of Greece through the establishment of an appropriate internal structure.

- This policy is a component of EBASR-6.

c. Responsible authority: Ministry of Finance, Bank of Greece.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

10.4. Discussion on the necessity of setting up a National Competent Authority (NCA)

b. Proposed measures: The Greek authorities will deliberate the necessity of setting up a National Competent Authority (NCA), which in cooperation with existing oversight bodies will be in charge with the supervision of banking sector, insurance companies and other investment companies.

- This policy is a component of EBASR-6.

c. Responsible authority: Ministry of Finance.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

10.5. Contribution of the banking system to fighting tax evasion

b. Proposed measures: Greek authorities will establish a comprehensive strategy, alongside policy measures in other areas included in this document, to improve information sharing and cooperation between banks and tax authorities effectively to address tax evasion.

- This policy is a component of EBASR-3.

c. Responsible authority: Ministry of Finance.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

10.6. Best practices to tackle NPLs

b. Proposed measures: The Greek authorities, with the technical assistance of the Institutions and the cooperation of domestic banks, will set new specific criteria for the arrangement of the NPLs' problem, ensuring social fairness (e.g. disposable income, level of personal wealth etc.) and protecting the first (only) residence of households under certain conditions, while advancing the process of consolidation of bank balance sheets.

- This policy is a component of EBASR-6.

c. Responsible authority: Ministry of Economy.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: The responsible authority is currently undertaking an assessment of the potential costs, if any, of this measure.

10.7. Establishing a National Development Bank or Institution

b. Proposed measures: In order to facilitate financing of developmental programmes and SMEs, the Greek government plans to set up a Development Bank (DB). The DB will play a substantive role in Greece with regard to the Investment Plan for Europe and the European Fund for Strategic Investments (EFSI), taking part in appropriate investment schemes (projects, platforms, etc.). The establishment of the DB will consolidate all the activities of the fragmented existing developmental entities such as TPkD, ETEAN, TANEQ, Green Fund, etc. The objective is to establish a national entity along the footsteps of other successful European institutions, such as KfW.

c. Responsible authority: Ministry of Economy, Ministry of Finance.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the measure will involve the use of the available capital of the entities involved.

10.8. Developing a new institutional framework to reform and broaden the network of cooperative and regional banks

b. Proposed measures: Draw upon international experience on mutual, cooperative and regional credit institutions in order to create competition in the financial sector, harness liquidity locally, and provide savers and borrowers with alternative forms of P2P and B2B finance.

c. Responsible authority: Ministry of Economy, Ministry of Finance.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the measure will involve the use of the available capital of the entities involved.

11. Energy & Environment

11.1. Comprehensive Energy Reform

a. Current situation: Installed capacity safeguards sufficient supply but at the same time, a large section of the population and of business lacks the resources to tap into this energy supply. Additionally, new RES installations have stalled in the last two years due to a burst of the "PV bubble", while the payments to the producers are lagging, thus creating a very serious deadlock to the market.

b. Proposed measures: The government, in full compliance with EU's 3rd Energy Package, will introduce a new scheme of net metering for the construction of new RES installations in public and private buildings. This will replace the current, economically non-viable FiT scheme.

- The energy cost schemes will be reviewed to adapt to the current economic and social needs of the crisis. This includes the alleviation of energy costs for most vulnerable households and reduction of energy costs for production units/businesses, which meet certain environmental/labour/production criteria.

- Continuation of the current tender process for 20 gas and oil exploration fields, according to international standards.

c. Responsible authority: Ministry of Production Reform, Environment and Energy

d. Timetable: From June 2015 through June 2016.

e. Quantification of fiscal impacts: The responsible authority is currently undertaking an assessment of the potential costs, if any, of this measure.

11.2. Forest Legislation Reforms

a. Current situation: Greece' natural environment is deteriorating due to free-rider issues, a lack of spatial planning, unplanned tourist development, abandonment of forest husbandry, issues in the management of protected areas etc.

b. Proposed measures: Development of forest maps to safeguard public property in the context of the foreshadowed Forest Registry.

- The management of natural land ecosystems can be under one "vertical" Forest Service staffed with all the appropriate experts.
- Reform in the management system of protected areas with the adoption of national goals and action plans for biodiversity, forest cover, restoration of substandard forests, grasslands and soil protection.

c. Responsible authority: Ministry of Production Reform, Environment and Energy, Rural Development.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: No fiscal impact based on preliminary assessments made by the GSPR.

12. Judicial Reform

12.1. Comprehensive digital strategy for the judicial system

a. Current situation: The promotion of e-justice applications at all levels of the courts is a top priority for the government. The use of systems such as the digitization of archives and e-mediation platforms will increase the efficiency of the legal system of the country. This will help to reduce the backlog of cases that the system currently faces.

b. Proposed measures: Introduction of an electronic platform for mediation in justice based in the design and implementation of a system for the digital record, storage and distribution of the minutes of meetings in all Courts of the country, as well as digitization of un-executed decisions and information contained in the National criminal record.

- Review and submission to the parliament of the existing draft of civil procedure code aiming at the acceleration of the civil process and the effective enforcement of judicial decisions. The Ministry of Justice has identified a set of 4 complementary measures to accomplish this policy goal. The details of these initiatives are readily available for discussion with the institutions.
- This policy is a component of EBASR-7.

c. Responsible authority: Ministry of Justice.

d. Timetable: June through H2 of 2015.

e. Quantification of fiscal impacts: €70 million on expenditures. Technical details for this calculation are available from responsible authority.

13. Labour Market Reforms

13.1. Reducing undeclared work and reinforcing monitoring mechanisms

a. Current situation: Undeclared work is prevalent in Greece, and it has risen alarmingly during the previous 4 years. The main reasons include the structural peculiarities of the Greek economy, dominated almost entirely by small and medium-sized businesses and an admittedly high degree of tolerance of shadow labor forms with fully undeclared labor at the extreme end of the spectrum.

b. Proposed measures: Proposed measures include six comprehensive reform initiatives. These include the reorganization of the Labor Inspectorate Body (SEPE) services coupled with the completion of the current programs to streamline procedures and implement an integrated information system (OPS)

- This policy is a component of EBASR-3.

c. Responsible Authority: Ministry of Labor, Social Security and Social Solidarity [Labor Inspection Body (SEPE), Social Security Organization (IKA), Manpower Employment Organization (OAED)].

d. Timetable: April 2015 onwards.

e. Quantification of fiscal impacts: The above reforms are already included in section 14.13. This is based on a preliminary assessment made by the responsible authority.

13.2. Reform of the legal framework on collective bargaining – collective labour agreements – mediation – labour arbitration.

a. Current situation: The abrupt and segmented deregulation of Collective Bargaining has resulted in further fragmenting the market by weakening efficiency and competition within the sectors, while labor inefficiencies have increased significantly (undeclared labor, and reduced public revenues - Social Security and taxes).

b. Proposed measures: Reform measures introduced to include eight comprehensive initiatives. The proposed reforms underway will include establishing minimum employment terms via the National General Collective Labor Agreement and upgrading the Mediation and Labor Arbitration Organisations' role (OMED).

c. Responsible authority: Ministry of Labor, Social Security and Social Solidarity. In coordination with the ILO.

d. Timetable: April through December 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

13.3. Measures for informing & consulting employees.

a. Current situation: The legal framework for consulting with employees does not provide efficient remedies and sanctions against employers who do not fulfill their obligations in this regard. This often results in judicial conflicts between employers and employees, which seriously disrupt the working environment and deprives employees of their fundamental rights stipulated by EU-law.

b. Proposed measures: Targeted amendments of the current legal framework of information and consultation (Presidential Decree 240/2006) in order to assure the “effet utile” of the Directive 2002/14/EC, with the additional provision of appropriate and effective sanctions for grave violations of the above mentioned Presidential Decree.

c. Responsible authority: Ministry of Labor, Social Security and Social Solidarity.

d. Timetable: April 2015.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

13.4. Measures towards the gradual raise of the minimum wage

a. Current situation: The unprecedented reduction in labour income had decisive knock on (multiplier-accelerator) effects on aggregate demand and growth. Employees lost 50% of their purchasing power, as a result of the general wage reductions, price index changes, heavy taxation and the reduction in social security benefits. Meanwhile, Greece's competitiveness gap against other euro area countries has not improved substantially due to lack of productivity growth, low capital intensity

and a breakdown in the credit circuits – thus a raise in the minimum wage can be designed in a manner that is consistent with improvements in competitiveness.

b. Proposed measures: Proposed reforms will be introduced in stages: unifying the minimum wages of “white” and “blue collar” workers, abolishing wage differentiation based on age, and gradually increasing the minimum wage after consultations with the social partners.

c. Responsible authority: Ministry of Labor, Social Security and Social Solidarity.

d. Timetable: Q4 2015 and H2 2016 respectively.

e. Quantification of fiscal impacts: Negligible fiscal impact for 2015 and 2016 based on preliminary assessments made by the responsible authority.

13.5. Codification of labor legislation

a. Current situation: Labour law provisions in Greece are dispersed across numerous legislative texts. The current legislative backdrop undermines concerted efforts to reform and modernize the relevant legal framework thereby leading to a loss of the Greek markets' competitiveness given the labor markets' operational inefficiency.

b. Proposed measures: Establish a single legal text coding and simplifying of the entire labor legislation (Labor Code).

c. Responsible authority: Ministry of Labor, Social Security and Social Solidarity.

d. Timetable: First half of 2016.

e. Quantification of fiscal impacts: No fiscal impact, given the administrative character of the measure.

14. Social Security Reforms

14.1. Improved Regulation for arrears settlements

a. Current situation: Since 2009 there has been an over-accumulation of arrears in social security contributions, coinciding with a weak credit market and liquidity problems.

b. Proposed measures: Enactment of new legislation with respect to the settlement of debts to Social Security Institutions.

- Interest rate set at 3% per annum for debts exceeding €5,000 while no interest charged for debts up to 5,000.
- Discount on surcharges reaching 100% for immediate repayment, smaller discounts apply according to the number of installments agreed upon.
- This policy is a component of EBASR-4.

c. Responsible authority: Deputy Minister for Social Security (Ministry of Labor).

d. Timetable: The reforms have been enacted by Law 4321/2015 (GG 32A /21-03-2015).

e. Quantification of fiscal impacts: €300 million in 2015. Technical details for this calculation are available from responsible authority.

14.2. Health Care extension until 28/02/2016

a. Current situation: Due to the high level of unemployment and underemployment, many individuals are uninsured and therefore do not have access to the public health care system.

b. Proposed measures: Extension of health coverage until 28/02/2016 for categories of individuals that have lost access to the system.

- These categories include the long-term unemployed, the uninsured elderly, former self-employed who have ceased their occupational activity etc.

c. Responsible authority: Deputy Minister for Social Security (Ministry of Labor).

d. Timetable: Has been enacted with Law 4320/2015 (GG 29A /19-03-2015).

e. Quantification of fiscal impacts: No significant fiscal impact based on preliminary assessments made by the responsible authorities. Possible future savings as a result of reductions in administrative costs.

14.3. IT Taskforce on Social Security

a. Current situation: The current procedure for the annual renewal of insurance requires the individual's physical presence at the local offices of the Social Security Institutions.

- b. Proposed measures:** A task-force will ensure the interconnection and compatibility of Social Security Institutions' information systems, leading to the minimization of administrative cost.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** The task-force has already been established.
- e. Quantification of fiscal impacts:** No fiscal impact based on preliminary assessments made by the responsible authority. Future gains from reduction of administrative cost will be estimated.

14.4. Suspension of automated pension adjustment formulae

- a. Current situation:** Enacted legislation includes a mathematical formula that led to reductions of between 35 to 50% reductions in main pensions since 2010 and may lead to further sharp reductions in the future, creating large scale poverty amongst the aged.
- b. Proposed measures:** The current legislation including further pension reductions will be revised in accordance to the government medium to long term plans for the pension system.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** April 2015.
- e. Quantification of fiscal impacts:** Fiscal expenditure estimated at €2 million for 2015. Technical details for this calculation are available from responsible authority.

14.5. Suspension of the "zero deficit clause"

- a. Current Situation:** Without legislative intervention, the current "zero deficit clause" (sustainability factor) will lead to 35 to 80% cuts in supplementary pensions within 2015.
- b. Proposed measures:** This "zero deficit clause" (sustainability factor) that would lead to continuous reductions in supplementary pensions will be suspended for 2015 and will be revised in the future in accordance to the governments medium to long term plans for the pension system. The "death clause" in supplementary pensions shall be abolished.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** April 2015.
- e. Quantification of fiscal impacts:** Fiscal expenditure estimated at €326 million in 2015. Technical details for this calculation are available from responsible authority.

14.6. Replacement of the one-off (lump sum) benefits formula

- a. Current Situation:** Lump sum superannuation benefits have been diminishing rapidly since 2010, creating significant uncertainty in employees regarding their future nest-egg.
- b. Proposed measures:** The lump sum benefits calculation formula will be replaced.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** April 2015.
- e. Quantification of fiscal impacts:** Fiscal expenditure estimated at €70 million in 2015. Technical details for this calculation are available from responsible authority.

14.7. Conservation of the conditions for granting the "Pensioners Social Solidarity Benefit" (EKAS)

- a. Current Situation:** The enactment of planned conditions for granting the EKAS ("Pensioners Social Solidarity Benefit") exacerbates the humanitarian crisis.
- b. Proposed measures:** The conditions for granting the "Pensioners Social Solidarity Benefit" (EKAS) will be maintained as in 2014.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** April 2015.
- e. Quantification of fiscal impacts:** Fiscal expenditure estimated at €82 million in 2015. Technical details for this calculation are available from responsible authority.

14.8. Acquired (accrued by Law) pension rights

- a. Current situation:** There is a tendency of employers (e.g. in the banking sector) to encourage employees to take early retirement. This exacerbates the problems of the pension system pushing private costs on to the public sector.

- b. Proposed measures:** The government will respect all acquired (accrued by law) pension rights so that the necessary confidence in the insured population's pension arrangements is maintained, while taking measures to eradicate early retirements that undermine the pension system.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** April to H2 of 2015.
- e. Quantification of fiscal impacts:** To be studied by the responsible authority.

14.9. Re-introduction of the thirteenth pension for low-income pensioners

- a. Current situation:** Low income pensioners are over-represented, compared to other social and income groups, in cohort of citizens that fall behind the poverty line.
- b. Proposed measures:** A thirteenth pension will be awarded to low-income pensioners (with monthly pensions below a threshold to be agreed) in December 2015.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** December 2015.
- e. Quantification of fiscal impacts:** Fiscal expenditure estimated at €600 million in 2015. Technical details for this calculation are available from responsible authority.

14.10. Timely pension disbursements

- a. Current Situation:** Long waiting periods (even up to four years) for pension disbursements (following retirement) cause substantial hardship and dislocation.
- b. Proposed measures:** Hiring of staff by the pension funds to effect speedier services.
- Support and upgrade of all IT systems in the Ministry of Labour and in Social Security Institutions.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** Re-instatement of suspended civil servants and IT systems upgrade by June 2015, recruitment of new employees by December 2015.
- e. Quantification of fiscal impacts:** To be studied by the responsible authority.

14.11. Disability Certification Centres (KEPA)

- a. Current situation:** Disabled citizens are facing serious delays and are often treated in a manner inconsistent with civilized society..
- b. Proposed measures:** The government will institute a single disability certification system
- Harmonization of different insurance regulations.
 - Modification of the process of granting disability benefits.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** April 2015.
- e. Quantification of fiscal impacts:** No fiscal impact based on preliminary assessments made by the responsible authority. Future gains from reduction of administrative cost will be estimated.

14.12. Utilization of the dormant assets (including real estate) of social security institutions

- a. Current Situation:** Pension funds under-exploit assets at a time when they are under-capitalized and suffer from liquidity constraints.
- b. Proposed measures:** Utilization of dormant assets (including real estate) of social security institutions.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** June through H2 of 2015.
- e. Quantification of fiscal impacts:** No fiscal impact based on preliminary assessments made by the responsible authority. Possible future gains will be estimated.

14.13. Staffing and reinforcement of public control mechanisms

- a. Current Situation:** Reduced revenues of Social Security Institutions due to recessionary policies.
- b. Proposed measures:** Creation of a Single Debtors Registry to support debt collection management procedures.
- Monitoring and auditing of debt certifications issuing.
 - Codification of legislation on social security.

- This policy is a component of EBASR-4.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** June through H2 of 2015.
- e. Quantification of fiscal impacts:** Up to €150 in 2015, €300 million in 2016. Technical details for this calculation are available from responsible authority.

14.14. Review (in collaboration with competent institutions), of the status of "voluntary exit" schemes

- a. Current Situation:** Grave impact on Social Security Institutions from early retirement – voluntary exit schemes especially in the banking sector and in formerly state-owned companies (DEKO).
- b. Proposed measures:** Review of the status of "voluntary exit" schemes.
 - This policy is a component of EBASR-2.
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** June through H2 of 2015.
- e. Quantification of fiscal impacts:** No fiscal impact based on preliminary assessments made by the responsible authority. Reduction in early retirements is expected.

14.15. Merging of Social Security Institutions

- a. Current Situation:** Large number of social security institutions.
- b. Proposed measures:** Merging of Social Security Institutions (following assessment of the results of the previous merges and of reliable actuarial studies).
- c. Responsible authority:** Deputy Minister for Social Security (Ministry of Labor).
- d. Timetable:** June through H2 of 2015.
- e. Quantification of fiscal impacts:** €10 million in 2015. Technical details for this calculation are available from responsible authority.

15. Rebuilding a Sustainable Health Sector

15.1. Comprehensive health care reform

- a. Current situation:** Public health expenditure for 2014 was estimated at 5% of GDP, lower than the average of EU and OECD nations. The management of health problems is fragmented and lacks continuity. Care is often ineffective and expensive.
- b. Proposed measures:** A set of reforms to enhance coverage, through an effective right to universal access to quality health care.
 - Transparent, inclusive and modernized health governance.
 - Equitable and sustainable financing of the health sector.
- c. Responsible authority:** Ministry of Health.
- d. Timetable:** June 2015 to 2016.
- e. Quantification of fiscal impacts:** €2.1 - 2.7 billion by the end of the implementation period. Technical details of this calculation are available from the responsible authority.

16. Humanitarian Crisis

16.1. Addressing the Humanitarian Crisis

- a. Current Situation:** The deepening crisis has had wide ranging and deep social impact. Poverty (particularly childhood poverty) as well as unemployment rose dramatically. Food insecurity, lack of access to minimum energy provisions, immobility caused by lack of access to transport (e.g. for job searching purposes) has led to a crisis that the government is intent to address in collaboration with local authority, social markets, NGOs, volunteer groups and the Church.
- b. Proposed measures:** The government has enacted a programme of food stamps, re-connection of electrical power supply to households living without electricity and rent-subsidy grants to household living in extreme poverty.
- c. Responsible authority:** The Ministry of Labor, Social Insurance and Social Solidarity, specifically the Department of Social Welfare in collaboration with HDIKA SA.

d. Timetable: June 2015.

e. Quantification of fiscal impacts: For 2015, this measure has no fiscal impact as the Government has taken measures that offset the policy's cost (estimated at €200 million). From Q3 of 2015 onwards the European Commission has committed fresh funds towards this project.

16.2. GMI

a. Current Situation: Rising unemployment has left a number of households with very low work intensity and many with no working member at all, in effect leaving many households with no or very little disposable income to meet their needs. The applications period for the pilot GMI program, implemented in thirteen municipalities, started on 15/11/2015 and ended on 15/03/2015. The pilot program ends 30/04/2015 and estimated beneficiaries will reach 20.000.

b. Proposed measures: The evaluation of the program will be realized as planned by the end of June 2015. Technical assistance is provided in agreement with the World Bank for 5 municipalities, while the results for 8 municipalities will be evaluated by the National Institute of Labor and Human Resources in collaboration with the Competent Management Team. Decisions about the national roll-out and redesign of GMI program will be taken according to the results of the evaluation.

c. Responsible authority: The Ministry of Labor, Social Insurance and Social Solidarity.

d. Timetable: June 2015 to Q2 2017.

e. Quantification of fiscal impacts: The fiscal impact of this measure is currently being assessed by the responsible authorities.

16.3. Social welfare revision

a. Current Situation: Arguably, the highly inefficient and fragmented welfare system coupled with the sheer lack of a holistic approach and a permanent social inclusion mechanism to map and monitor welfare needs renders the current system unable to effectively address the challenges arising from the humanitarian crisis.

b. Proposed measures: Reforms under-way include the creation of a Social inclusion mechanism. This process will include a strategic assessment of the shortfalls of the present system in grounds of both economic efficiency and social justice.

- Stipulate a Social inclusion national strategy whilst establishing the requisite legislative framework to combat bad management and potentially corruption within the public and private sector.
- This policy is a component of EBASR-2.

c. Responsible authority: The Ministry of Labor, Social Insurance and Social Solidarity

d. Timetable: June 2015 onwards

e. Quantification of fiscal impacts: No fiscal impact for 2015, as these measures are being financed by the EU Structural Funds Programs at an estimated of €1 million per program.

16. Conclusions

The Greek government herewith submits a comprehensive list of tax, administrative and policy reforms in keeping with its commitments to its creditors and to the Greek people. The government requests a speedy and successful conclusion of the Final Review on the basis of this list, so that short-term funding issues may be resolved and the current crippling economic and financial uncertainties brought to an end. This is an urgent and necessary precondition for the success of the economic and reform program.