



# Tax - Breaking News

October 2017

As part of our continuous effort to keep you informed of the latest tax developments, we outline below our comments on the Circular issued by the Independent Authority for Public Revenue (“IAPR”) (POL 1154/2017) concerning the performance of tax audits in 2017 and the handling of any completed as well as pending cases on the basis of audit prioritization, by virtue of the relevant Decision (GG B 3278/18.9.2017) and in light of Decision no. 1738/2017 of the Supreme Administrative Court (plenary session).

## Circular Highlights

- The circular lists again the accounting years for which the 2017 tax audits have been prioritized by virtue of the earlier decision issued by the Director of IAPR for which separate audit reports will be prepared. For an analysis of the accounting years which will be prioritized in the context of 2017 tax audits, please refer to our Newsflash of 21 September 2017.
- Furthermore, the circular clarifies that the prioritized audits only concern income tax as well as any other tax to which the provisions on income tax are applicable. The audits do not concern VAT, taxation of capital, stamp duty, inheritance/donation tax, tax on parental grants nor tax on gambling winnings, to which different limitation periods are applicable. With regard to these other forms of taxation, assessments will be issued without prioritization.

## KPMG comments

The circular intends to fill in gaps and to address unanswered queries arising from the IAPR's earlier decisions (GG B' 3278/18.09.2017 and GG B' 4270/30.12.2016). Specifically:

- It provides guidance for handling any non-prioritized cases, which appear to “be frozen” for the time being, while their tax audits not being further processed. As the case may be:

- where the tax assessment notice and provisional tax assessment have not been notified by 18 September 2017, a relevant Staff Notice will be prepared and filed.
- in case a tax assessment notice and provisional tax assessment have been notified by 18 September 2017, and upon lapse of the deadline for the submission of the taxpayer's response, a relevant Staff Notice will be prepared and filed. Especially where tax evasion is suspected, a relevant report is prepared and filed.
- Nevertheless, it is clarified that in any event, if indications or suspicions of an attempt or commitment of money laundering or terrorism funding or basic crimes of Law 3691/2008 arise, a relevant report will be sent directly and promptly to the competent Authority.
- This circular appears to extend the provisions of the earlier decision to include and prioritize cases which have been challenged by means of administrative appeals pending before the Directorate for Dispute Resolution (“DDR”). More specifically, it appears that the DDR shall prioritize the examination of any cases concerning the prioritized accounting years.

Nevertheless, with regard to cases pending before the DDR in which issues are raised concerning possible lapse of the limitation period for the imposition of tax, it is not clarified whether the DDR will issue decisions or whether it will somehow "freeze" the procedure by analogy to non-prioritized cases.

- Additionally, IAPR's guidance does not clarify whether tax audits will resume from 2018 onwards for cases which have been "frozen" and for which audits had begun or will be carried out within the extensions granted for the applicable limitation period.
- It is explicitly clarified that in cases where tax audits are completed and tax assessments have been issued, the applicable notification procedures continue. In other words, the IAPR will not re-examine nor repeal any taxes imposed within the extensions of the limitation period. Consequently, in such cases, as well as in cases of imposition of enforcement/collection measures for these cases, it appears that the regular procedures will be followed.
- Moreover, it is clarified that the applicable provisions and decisions continue to apply for the voluntary disclosure of taxable amounts, despite the requests of various associations and taxpayers that a favorable provision be included for those who duly submitted returns and paid the taxes and penalties arising irrespective of the issues pertaining to limitation periods raised by the decision of the Supreme Administrative Court (plenary session) No. 1738/2017.

#### Contact us

##### **Georgia Stamatelou**

Partner, Head of Tax

T:+30 210 60 62 227

E:[gstamatelou@kpmg.gr](mailto:gstamatelou@kpmg.gr)

#### More information at

[kpmg.com/gr](http://kpmg.com/gr)



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

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