

# Tax - Breaking News

January 2018



Consistent with our commitment to provide current information on tax issues, we summarize below the most important tax amendments introduced by Law 4512/2018 (Government Gazette A 5/17.01.2018) on “Provisions for the Economic Adjustment Program structural reforms implementation and other provisions”.

## Income Tax Code (ITC)

- Provisions regarding tax exemptions and tax incentives introduced by other laws are now incorporated as new articles in the ITC (i.e. articles 71A, 71B and 71C), for consolidation purposes.
- In particular, profits from sales derived from the use of an internationally recognized patent developed by the business, are exempted from income tax for three consecutive accounting periods, upon approval granted from the competent Ministry.
- Provisions regarding the capitalization of tax-free reserves of development laws concerning listed and non-listed companies are incorporated into the ITC. A deadline is introduced for the first time (end of 2020) for the implementation of these provisions.
- Specifically, regarding listed companies, capitalization of tax-free reserves that will be completed within 2018, will be taxed at a rate of 5%, and within 2019 and 2020 at a rate of 10% and 20% respectively. With regards to non-listed companies, the tax rate for 2018 and 2019 is set at 10% and at 20%, for 2020.
- The new law abolishes incentives for the transfer of Public Use Vehicles (circulated before 30 September 2010), the leasing of agricultural land, dividends distributed by KTEL SA, the restoration of buildings in “Gerani” and “Metaxourgeio” as well as venture capital companies.

## Tax Procedure Code (TPC)

### *Tax Identification Number (TIN)*

- Provisions regarding the Tax Registry and the acquisition of Tax Identification Numbers are replaced, with those in relation to VAT reporting obligations incorporated into the TPC (i.e. they are repealed from the VAT Code).
- Furthermore, VAT reporting obligations to the Tax Administration on intra - community transactions are incorporated into the TPC and is clarified that a relevant change of activities declaration should be submitted before the first of such transactions is carried out.
- The possibility of granting a TIN by the Tax Administration, ex officio, without the submission of a relevant application form by the taxpayer is introduced for specific cases, such as for the assessment and collection of taxes and in general for the purposes of allowing any economic transaction to be carried out with government bodies and financial and payment institutions in Greece.
- For the prevention of tax evasion, a guarantee of at least EUR 15 000 is now required for persons liable to VAT, whose TIN had been suspended and who commence new business operations or submit a declaration of change of activities to commence intra - community transactions.

## Tax Return Filing

- Provisions regarding the late filing of initial or amended tax returns are amended. In particular, the deadline for their submission is defined and the imposition of respective penalties will depend on the stage at which the audit is carried out at the time of submission.
- Where the late tax return is submitted after the notification of a tax audit order or a request for the provision of information and up to the notification of a temporary tax assessment, the penalty for procedural infringements no longer applies and instead the penalty to be imposed on the resulting amount of the tax to be paid will either be the penalty for inaccurate or non-submission, the penalty for VAT offenses or the penalty for non-payment of withholding taxes as appropriate, depending on the infringement.
- Regardless of the time of submission of an initial or amended tax return (as long as they are submitted before the notification of a temporary tax assessment), if the resulting liabilities are paid within 30 days from the tax assessment, it is explicitly provided that the imposed penalties will be reduced by 40%. This reduction in penalties does not apply to payroll withholding tax.
- The above apply to initial and amended tax returns, provided that these were submitted without reservation.
- Relevant transitional provisions relating to accounting periods before 2014 (implementation of the TPC) are also amended in line with the above.
- A new transitional provision is introduced providing the taxpayer the possibility to accept a final tax assessment without reservation, whereby he will be granted a reduction of 40% of the penalties if the liability is paid within 30 days following the tax payer's submission of the statement of acceptance.
- The above reduction in penalties and/or additional taxes is also granted in pending cases specifically mentioned in the relevant provisions.
- For cases where indications of tax evasion arise will be transferred to the Independent Authority of Public Revenue and a findings report will be notified to the Financial Crime Prosecutor. With respect to the above, a new procedure is introduced in the TPC regarding the tax audit procedure and tax assessment notes (new art. 28A).
- Finally, it is provided that an interdepartmental coordinating body to combat financial crimes will be established under the supervision of the Financial Crime Prosecutor. The body's members will comprise of the Financial Crime Prosecutor and the Deputy Prosecutor, two representatives from the Independent Authority for Public Revenue, two representatives from the Financial Crime Investigation Directorate, two representatives from SDOE, one representative from the Financial Police and one representative from the Anti-Money Laundering Authority. The main objective of the interdepartmental body will be the coordination and cooperation for all competent bodies/authorities.

### Contact:

**Georgia Stamatelou**  
Partner, Head of Tax

T + 30 210 60 62 227

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

### More Information

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



Follow us

## Financial Crime Investigation Directorate

- A new department under the name "Financial Crime Investigation Directorate" is established within the Ministry of Finance under the supervision of the Financial Crime Prosecutor. The new directorate along with the Independent Authority for Public Revenue maintain their respective powers regarding criminal investigations and tax audits.
- Within the context of executing relevant orders of the Financial Crime Prosecutor and in compliance with the relevant traceability rules, the auditors of the new directorate will have access to both the information systems of the Independent Authority for Public Revenue and the System of Registries of Banking Accounts.

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.

© 2018 KPMG Advisors AE, a Greek Societe Anonyme and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.