KPMG

Tax - Breaking News

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Consistent with our commitment to keep you updated on the most significant tax developments, we summarize below the most important amendments introduced by Law 4577/2018 (Gazette A’ 199/03.12.2018), Law 4579/2018 (Gazette A’ 201/03.12.2018) and Law 4583/2018 (Gazette A’ 212/18.12.2018).

Income Tax Code (ITC)

— The corporate income tax rate for legal entities, excluding credit institutions gradually declines, beginning for income of tax year 2019 as follows:

- 28% for income of 2019
- 27% for income of 2020
- 26% for income of 2021
- 25% for income of 2022 onwards

The corporate income tax rate for credit institutions remains 29% for all the above tax years.

— The imposition of capital gains tax from the sale of real estate by individuals is suspended for one more tax year, i.e. until 31 December 2019.

— In order to be aligned with Jurisprudence of the Council of State, the relevant provisions are amended explicitly introducing the possibility for spouses to file separate tax returns. The previous timely submission of a relevant application to the Tax Authority is required. In any case, taxes, duties or contributions related to the income of spouses are assessed separately. Equivalent provisions regulate issues regarding dependents and imputed expenditures. The possibility to submit separate tax returns applies as of tax year 2018 onwards.

Capital Concentration Tax

— Capital Concentration Tax as provided by the ITC (article 22A), is not imposed where a capital increase in cash takes place in order to apply the increase towards expenses for Scientific and Technology Research.

Entrepreneurship Duty

— As of tax year 2018 onwards, all legal entities, among others, which are in liquidation, bankruptcy or inactive are excluded from the obligation to pay the entrepreneurship duty. In case the inactivity is not for the entire tax year, the entrepreneurship duty is due proportionally to the months of the business operation or the professional activity.

Tax Procedure Code (TPC)

— For the purposes of combatting tax evasion, a new procedural infringement is added in case records on retail sales are issued via an approved but undeclared tax mechanism. A fine of EUR 500 is imposed per tax audit.

Collection of Taxes and Public Revenue

— The number of entities which can be authorized to collect tax and other public revenue is expanded. Pursuant to a Decision issued by the Governor of Independent Authority for Public Revenue (IAPR), one or more of the following entities can be authorized for the collection:

- Credit Institutions
- Deposits and Loans Fund
- Electronic money Institutions
- Postal payment order Offices
- Payment Institutions
- Bank of Greece
- Any other Public Authority

Unified Real Estate Ownership Tax (UREOT)

- Exceptionally and under certain conditions, the law provides the possibility to submit amended returns for the purposes of Property Tax and UREOT, revoking the returns which had been submitted previously pursuant to the "Voluntary Disclosure Program (VDP)". Taxes and interest that have already been paid cannot be refunded.

Code of Inheritance – Donations – Parental Grants

- The statute of limitation for tax on inheritances, donations, parental grants, dowries and gambling winnings is now 31 December 2003, instead of 31 December 1994 as previously provided. Taxes and fines are no longer imposed for taxable events up to 31 December 2003.

- As a result of the above amendment to the statute of limitation, in order to calculate tax according to the tax scales, the non-taxable thresholds provided for taxpayers are now only reduced by donations, parental grants and inheritances effected after 31 December 2003.

Contact us

Georgia Stamatelou
Partner, Head of Tax and Legal

T + 30 210 60 62 227
E gstamatelou@kpmg.gr

More information at

kpmg.com/gr

kpmg.com/socialmedia