

Tax - Breaking News

May 2020



Consistent with our commitment to keep you updated on the most significant developments, we outline below the most recent relief measures announced by the Greek Government for the support of enterprises that are economically affected by COVID-19

According to Legislative Act 1.5.2020/2020, additional relief measures have been announced for the support of enterprises that have been economically affected by the spread of COVID-19, while the procedure and conditions for the financing of enterprises by virtue of the returnable advance payment were announced in Decision ΓΔΟΥ 94/3.5.2020 of the Ministers of Finance and Development.

Additional provisions in relation to the deduction by 25% for installments of assessed tax liabilities

- The measure providing for deduction by 25%, which was already introduced for installments of assessed tax liabilities of eligible enterprises and individuals (excluding withholding taxes and VAT) payable from 30 March 2020 until 30 April 2020, on condition they were timely settled, is also applicable for installments paid between 11 March 2020 and 29 March 2020.
- In this case, the deduction will be effected by offsetting an amount equal to the amount of the deduction against other assessed tax liabilities or other settled tax liabilities on the basis of special settlement, which are payable after 1 June 2020.
- By Ministerial Decision of the Minister of Finance, a new date other than the 1 June 2020 can be introduced as well as the specific terms and conditions applicable for the implementation of the measure.

Deferral of payment for tax and other charges to energy products

- As an exception particularly for year 2020, licensed customs warehouse operators are provided with a ten day deferral with regards to the remittance to the Greek customs authorities of the Special Consumption Tax, VAT, and any other related tax/customs charges applicable to certain energy products (i.e. gasoline leaded and unleaded, gasoline for aircrafts, diesel for vehicles and heating,

kerosene, LPG, natural gas for vehicles etc.) exiting the customs suspension regime between 4 May 2020 and 19 May 2020, with the simultaneous assessment of the applicable tax liabilities due.

- Such deferral period is considered to begin at the time the applicable Special Consumption Tax and VAT fall due. The corresponding period is granted provided that the total amount of the assessed liability is covered by a financial guarantee in favor of the Greek State.

Support to enterprises engaged in hospital activities

- Enterprises engaged in “Hospital activities” under the four digit Business Activity Code 86.10 (including the five digit, six digit and eight digit subcategories of this Business Activity Code) are considered enterprises “affected” by COVID-19. For these enterprises, the following measures are introduced:
- Extension until 31 August 2020 of the deadline for payment (and suspension of collection) of assessed VAT liabilities which are due from 1 April 2020 through 31 May 2020.
- Extension until 31 August 2020 of the deadline for payment (and suspension of collection) of assessed tax liabilities, and of installments of settled tax liabilities on the basis of special settlement which are due from 1 April 2020 through 31 May 2020.
- No interest and/or penalties for late payment shall be imposed during the period of extension of payment and suspension of collection.
- Possibility to offset 25% of VAT amounts paid in full until 11 May 2020 against other tax liabilities which are due after 1 May 2020, in accordance with the conditions already introduced by Legislative Decree 11.3.2020 and Legislative Decree 13.4.2020 in relation to the provision of this benefit to enterprises whose operation has been mandatorily interrupted or who have been considered economically “affected”.

- Extension until 31 October 2020 and 30 November 2020 respectively of the deadline for the payment of social security contributions (both employer's and employee's) for March and April 2020 employment, due on 30 April 2020 and 31 May 2020 respectively (with no interest and/or penalties for late payment). Also, three month extension of the payment deadline of installments of settled employers' liabilities under special settlement due on 30 April 2020 and onwards (with no interest and/or penalties for late payment).
- For those of the above enterprises that face reduced turnover due to the spread of COVID-19, it is announced that 20% of the difference between their monthly turnover for the months of March, April and May 2020 and the respective months of the previous tax year, will be counterbalanced through reduction by EOPPY of current or future clawback amounts. A further joint ministerial decision is expected to be issued by the Ministers of Health and Finance for the determination of reduced turnover and the necessary details for the implementation of this measure.
- The above do not apply to private sector enterprises that have already been granted other relief measures on the basis of some other Business Activity Code. Also, the above do not apply to those enterprises that are registered at the Registry of Institutions of General Government.

Support to enterprises managing airports

- Monetary debts of enterprises managing airports, arising from the relevant concession agreements, towards the Hellenic Republic Asset Development Fund (Τ.Α.Ι.ΠΕ.Δ.), which are due and claimable within 2020, can be settled within six (6) months from the time they became due and claimable.
- The payment extension of the above debts shall be burdened with interest at a rate equal to the interest rate of six-month treasury bills increased by 0.5%, resulting to no other consequences for the managing enterprise.

Support to Gaming Enterprises

- For gaming enterprises, whose operation has been interrupted, it is possible that the deadline for payment is extended (and the collection is suspended) for a period no longer than six (6) months, for the payment of installments of settled liabilities on the basis of specific settlement decisions issued by the Minister of Finance.
- No interest and/or penalties for late payment shall be imposed during the period of extension of payment and suspension of collection of the installments.
- A Ministerial decision is expected to be issued by the Minister of Finance for the determination of the period of extension of payment and suspension of collection and for the necessary details for the implementation of the measure.

Procedure and conditions for the granting of the returnable advance payment

The procedure and conditions for the financing of enterprises by virtue of the returnable advance payment were announced with Decision ΓΔΟΥ 94/3.5.2020 of the Ministers of Finance and Development. More specifically:

Beneficiaries

- Private sector enterprises of any legal form, which employed one (1) to five hundred (500) employees on 31 March 2020.
- Enterprises of the private sector having the legal form of General and Limited Partnerships (OE/EE), Limited Liability Companies (ΕΠΕ) and Private Capital Companies (IKE), regardless of their business sector, which did not employ any personnel on 31 March 2020.

Conditions to be met by beneficiaries

- To be Greek tax resident (or having a permanent establishment in Greece), to operate legally, to have been financially affected due to the spread of COVID-19 and to have expressed interest in being financed via the special platform "myBusinessSupport" until 21 April 2020.
- To have submitted (i) income tax returns for the tax years 2017 and 2018 until 2 April 2020, and (ii) periodic VAT returns for the period 1 January 2017 to 31 March 2020.
- Not being set as dormant from 1 April 2019 to 2 April 2020.
- To have not submitted any credit VAT returns with zero output from 1 April 2019 to 31 March 2020 (for enterprises which have been registered with the Greek tax authorities until 31 March 2019).
- To have a positive net turnover from 1 January 2019 to 31 March 2020 based on VAT or income tax related data.
- To have their operation mandatorily suspended or temporarily interrupted based on special and extraordinary measures related to COVID-19, or to present a reduction to their net turnover as further determined in the decision.
- Not to meet the reasons for exclusion as per para 1. Art. 40, Law 4488/2017 (i.e. three (3) labor law violations of "high" or "very high" importance or two (2) labor law violations regarding unregistered employment).

Level of financing

- The level of financing that the enterprise is eligible to receive, is calculated on the basis of a formula which varies according to the type of accounting books the enterprise maintains and to whether it is subject to VAT or not. This formula takes into account various data of the enterprise, such as the "Reference" turnover (as defined in the decision), the turnover of the first quarter of 2020, the number of employees whose employment has been suspended etc.
- The minimum level of the financing an enterprise is eligible to receive ranges between EUR 2 000 to EUR 30 000 depending on the number of its employees. The above also apply to enterprises whose operation has been suspended by virtue of State order, even if these enterprises did not have a reduced income on March 2020 or had zero "comparative" income.
- The financing (granted in accordance with the Temporary Framework of the European Commission) cannot exceed EUR 350 000 for enterprises employing up to 250 individuals and EUR 500 000 for enterprises employing over 250 individuals, while for affiliated

enterprises, which have received/will receive the same or other similar financing approved by the European Commission, their total financing cannot exceed EUR 800 000.

Application for the granting of the financing

- Enterprises interested in receiving the financing in the form of the returnable advance must submit until 15 May 2020 a relevant application at the Taxisnet platform «myBusinessSupport» in order to declare the amount that they wish to receive (within the above mentioned range) and provide the necessary evidence that they meet the conditions described above.

Granting of the financing

- Enterprises will be notified electronically by AADE for the acceptance or rejection of their application, having the right to submit a request for re-examination of their application within 5 working days from the above notification.
- The approved amount of the financing is deposited in one installment to the enterprise's bank account according to the IBAN declared by the enterprise in AADE's Taxisnet.

Procedure for the return of the financing

- The amount of the financing is burdened with the interest rate determined by the European Commission for Greece, in force as of 3 May 2020, increased by 109 base points.
- There is an interest free grace period until 31 December 2021 (where no capital nor interest needs to be returned).
- Following the end of the grace period, the amount of the financing shall be returned in 40 equal interest bearing monthly installments payable until the end of each month.
- There is a possibility to return the advance payment reduced:
 - by 30%, if the enterprise's turnover remains reduced by at least 70% (in relation to the comparative turnover or to the comparative revenues) for one year after the advance payment is received,
 - by 40%, if enterprises maintain until 31 March 2021 the average number of employees that they were employing on 31 March 2020 (for enterprises employing more than 20 employees on 31 March 2020).

Finally, it is clarified that beneficiary enterprises are obliged to maintain until 31 October 2020 the same number of employees that were employed on 31 March 2020.

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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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