

Tax - Breaking News

July 2021



Consistent with our commitment to keep you updated on the most significant tax developments, we outline below the most significant changes introduced in the Greek VAT Code with Law 4818/2021.

The new Law incorporates into national law the provisions of Directives 2017/2455, 2019/1995 and 2018/1910 and Implementation Regulation 2019/2016 with regards to the new rules and obligations arising for VAT purposes in relation to the distance sales of goods, supplies of goods through electronic interfaces/platforms, and the provision of services to individuals. The new provisions, which entered into force as of 1 July 2021, intend to facilitate cross-border trading, as well as to combat tax evasion and tax avoidance instances.

Intra-community distance sales of goods

- The relevant provisions cover intra-community sales of goods, including cases where the supplier intervenes indirectly in the transport/dispatch of the underlying goods, towards individuals or VATable persons, provided that the latter are not acting under such capacity.
- In this context, the existing regime for the distance sales of goods to individuals is modified, the current threshold of EUR 35 000 changes, while it is stipulated that Greece is considered to be the place of supply of the relevant deliveries, if the goods in question are located within the country during the time when their dispatch/transport to the individual customer is completed.
- In addition, the application of the provisions covering the right of a supplier to determine the place of supply for the provision of Telecommunications, radio and television Broadcasting, and Electronic ("TBE") services, the value of which does not cumulatively exceed the amount of EUR 10 000 is expanded so as to also cover cases of intra-community distance sales of goods.
- Consequently, by exception the place of supply of distance sales of goods is the Member State where respective supplier is established, provided that the cumulative value of such sales does not exceed the abovementioned threshold of EUR 10 000 (as amended by replacing the pre-existing limit of EUR 35 000) and unless the supplier opts for the place of supply to be the Member-State where the goods will be dispatched/transported to.

Distance sales of goods imported from third territories/third countries

- The relevant provisions cover supplies of goods dispatched/transported from a third territory/third country, including cases where the supplier intervenes indirectly in the transport/dispatch of the underlying goods, to individuals or VATable persons, provided that the latter are not acting under such capacity.
- In this context, it is stipulated that the place of supply of distance sales of goods imported from a third territory/third country is considered to be Greece, as long as the underlying goods (a) have been imported into another EU Member-State and are located within Greece at the time when their dispatch/transport to the end customer is completed; or (b) are imported into Greece and remain within the country at the time that their dispatch/transport to the end customer is completed and also provided that the corresponding VAT is declared under the special import scheme by the supplier (Import One Stop Shop – IOSS) in any Member-State.
- By contrast, the place of supply of the relevant distance sales is not considered to be Greece, provided that the underlying goods are imported into Greece and are located outside the Greek territory at the time when their dispatch/transport to the end customer is completed.
- On this basis, the VAT exemption applying to imports of goods amounting up to EUR 22 is abolished.
- In addition, imports of goods into Greece, made within the context of the distance sales regime, shall be exempted from VAT, provided that the corresponding VAT is declared through the special import scheme (IOSS) and the relevant supplier or any intermediary acting on its behalf has obtained a VAT number according to provisions of said scheme.

Sale of goods through electronic platforms

- VATable persons owning electronic interfaces, such as marketplaces, platforms, portals, etc., which facilitate the supplies of goods to individual customers are deemed (under conditions) to have received said goods from the supplier and supplied them to the end customer themselves.
- Consequently, the sale of goods via an electronic interface to customers – end consumers for VAT purposes is considered (a) a deemed B2B sale of goods from the supplier to the owner of the electronic interface, followed by (b) a deemed B2C supply of goods from the latter to the end customer.
- The relevant cases include (a) the importation of goods in consignments of an intrinsic value not exceeding EUR 150, regardless of whether the supplier is established inside or outside the EU, and (b) the supply of goods already released for free circulation within the EU, regardless of their value, if the supplier is established outside the EU.
- In these cases, the dispatch/transport of the relevant goods is deemed to have been effected at the second leg of respective transaction, i.e. during the B2C supply carried out by the owner of the electronic interface to the end customer.
- In this regard, the abovementioned provisions covering distance sales of goods from another Member State or a third territory/third country apply to such sales as well, while the VAT corresponding to the B2C sale effected by the owner of the electronic interface/platform to the end consumer falls due at the time when the customer's payment is accepted.
- On the contrary, the first leg of the transaction constitutes a deemed B2B domestic sale of goods in the country where said goods are located prior to their distance/transport, which is exempt from VAT.
- The owners of the electronic interface are obliged to keep detailed records with regards to the supplies of goods to individuals which they facilitate and to maintain the relevant information and data for a period of ten (10) years from the end of the fiscal year in which the relevant supply took place.

Special VAT regimes

- The newly introduced provisions also modify the existing special VAT regimes, which previously covered solely the provision of TBE services.
- More specifically, in addition to the supply of TBE services, the application of the special non-Union scheme (through the use of the One-Stop-Shop "OSS" platform) is extended to all services provided to individuals by suppliers established in a third country.
- Moreover, in addition to the supply of TBE services, the application of the special Union scheme (through the use of the One-Stop-Shop "OSS" platform) is extended to (a) intra-community distance sales of goods, (b) supplies of goods facilitated by an electronic interface, provided that the supplier is not established within the EU, and (c) any type of services provided by suppliers established within the EU to end consumers not being subject to VAT.
- Furthermore, a new import scheme (through the use of the Import One-Stop-Shop "IOSS" platform) is introduced with regards to the distance sale of goods imported from a third territory/third country, regardless of whether respective supplies are facilitated by an electronic interface, provided that the underlying goods are in consignments of an intrinsic value not exceeding EUR 150. Suppliers established outside the EU and any intermediaries acting on their behalf may register with such special import regime.
- The extension of the above special VAT regimes further facilitates the supply of goods and services to individual end consumers not being subject to VAT and located within the EU. In particular, non-EU suppliers no longer need to obtain a VAT number in each Member State in which they provide services/goods to end customers, while both EU and non-EU suppliers will file VAT returns and pay the VAT due for all services/goods they provide within the EU only to the Member State of their establishment/registration.
- It is highlighted that VATable persons utilizing the aforementioned special VAT schemes are not entitled to claim refund of any input VAT they may incur in Greece. Nevertheless, the relevant input VAT may be refunded in accordance with the provisions of the 8th and 13th EU Directives respectively, without the requirement of the fulfillment of the reciprocity condition.
- By exception, if the relevant VATable person possesses a VAT number in Greece in relation to other business activities, then it maintains its right to recover any input VAT incurred in Greece in relation to the activities not falling under the above special VAT regimes.
- Furthermore, the relevant provisions determine all issues pertaining to the application of the abovementioned special VAT regimes, such as the relevant registration process, the obligations of respective VATable persons, the deadlines for the submission of the relevant VAT returns, the obligation of keeping detailed records of the relevant transactions, etc.
- Moreover, additional special arrangements are also introduced, covering the payment of import VAT levied on the import of goods in consignments of an intrinsic value not exceeding EUR 150, in cases where the supplier is not registered under the relevant special VAT scheme.
- In particular, where the relevant special arrangements are invoked, the person presenting the goods to the customs office on behalf of the buyer (e.g. an international courier company) becomes liable to submit the relevant customs declaration and pay the corresponding VAT to the competent customs authorities, provided that the underlying goods' dispatch/transportation ends in Greece.
- In this case, the person presenting the goods collects the relevant VAT from the buyer and pays it to the customs authorities on a monthly basis, until the 16th day of the month following the month of importation. Moreover, said person is also obliged to keep a detailed record of all such imports for a period of ten (10) years.

KPMG comments

At KPMG we have the experience and know-how to assist you in adapting to the above described changes, as well as in taking all necessary actions to comply with the relevant procedural requirements, and, if possible, invoking the beneficial special schemes.

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