

Tax Updates

13 January 2023



Consistent with our commitment to provide [updated information](#) on current tax issues, we set down below the latest provisions introduced by virtue of Circular E.2087/2022 of AADE

Circular E.2087/2022 issued by AADE - Instructions on the procedure for the adjustment of taxable profits of a legal entity following a tax audit of intra-group transactions (pursuant to Article 50 (1A) of the Income Tax Code)

According to the new paragraph 1A of Article 50 of the Income Tax Code (ITC) it is provided that if the profits of a legal entity subject to tax in Greece include profits subject to tax in Greece in the name of an affiliated entity and these profits have arisen following a tax audit of the first taxable legal entity (hereinafter “company A”), the second taxable affiliated legal entity (hereinafter “company B”) may request a corresponding adjustment to its taxable profits by submitting an amending income tax return accompanied by a notification of the relevant tax audit report.

The amending income tax return is submitted within three (3) months from the date the relevant tax assessment note was notified to company A.

The new Circular **E.2087/2022** provides instructions on the procedure to be followed for the application of the abovementioned provisions. More specifically:

- If the adjustment of taxable profits relates to tax year 2021 or earlier, the amending income tax return of company B and the accompanying tax audit report of company A should be submitted to the competent Tax Office either electronically through the platform “My Applications” at the site “myAADE” or by registered post to the competent Tax Office or by courier, or by virtue of filing with the protocol desk of the competent Tax Office. The adjustment of profits will be carried out by entering the relevant amount in code 462 of the corporate income tax return and Form N of the respective tax year.
- For tax years 2022 onwards, the amending income tax return shall be submitted digitally (detailed instructions are expected to be provided by virtue of the relevant

circular for the completion and settlement of income tax returns of legal entities for the tax year 2022).

- The above procedure also covers cases where company A submits an initial or amending income tax return after the notification of a tax audit order (or of the invitation to provide information) and until the preliminary tax assessment note is notified. In this case, where, due to the submission of the income tax return as above, no tax assessment note is issued, then the three-month period for the submission of the amending income tax return starts from the notification of the audit report to company A.
- Finally, it is stipulated that a precondition for the refund or offset of tax to company B is the payment by company A of the tax arising from the final income tax assessment note or from the income tax return that may have been submitted by company A after the notification of the tax audit order.

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This Newsletter aims to provide the reader with general information of 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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