

Tax Updates

13 September 2023



Consistent with our commitment to provide [updated information](#) on current tax issues, we set down below a brief overview of the provisions of the new Law 5047/2023, which transposes into Greek legislation Directive (EU) 2021/514 – DAC7

The new law 5047/2023 incorporated into Greek legislation the Council Directive EU 2021/514 (known as DAC7), the provisions of which, inter alia, impose on operators of digital platforms the obligation to collect and report to the competent tax authorities the details of sellers operating through these platforms, while also providing for the automatic exchange of this information between the tax authorities of the Member States.

What is the purpose of the new regulations introduced for platform operators?

The purpose of the provisions is twofold:

- To identify and counteract situations of tax fraud, tax evasion and tax avoidance, arising from the rapid growth of the digitalization of the economy at an international level.
- Reducing the administrative costs of platform operators by establishing a general obligation for them to cooperate with the tax authorities of all Member States on the basis of a single reporting standard, instead of the current obligation to comply with several different national reporting standards in the various jurisdictions where they operate.

What are the new obligations for platform operators?

Due diligence obligations: Platform operators are required to collect and verify the data of registered sellers by applying due diligence procedures.

Reporting obligations: Platform operators are required to submit to the competent Greek authority (AADE) data for each reportable seller, which the competent Greek authority then communicates through automatic exchange to the competent authority of the Member State in which the seller is resident (or in which the real estate is located, if the seller provides services for the rental of real estate).

Who are the platform operators that are obliged to report?

- Platform operators are burdened with the obligation to report activities performed through platforms to the

competent Greek authorities either when they are tax resident/incorporated/having their place of management/having a permanent establishment in Greece, or when they are established outside the EU but they facilitate sellers to carry out reportable activities through platforms in Greece or reportable activities related to the rental of real estate located in Greece.

- For the purposes of DAC7, the term “platform” refers to any software, website, application, arrangement for the collection and payment of consideration for the performance of the activity concerned, excluding however any software which allows only the processing of payments in connection with that activity, or the mere registration or advertising of that activity, or the transfer of users to a platform.
- The law provides for certain cases of platform operators that are exempted from the obligation to report to the competent Greek authorities.

What are the activities performed through platforms that must be reported by platform operators (“Relevant Activities”)?

The relevant activities are the following:

- a. The rental of real estate,
- b. The provision of a personal service,
- c. The sale of goods,
- d. The rental of any means of transport.

In order for the above activities to be reportable, they must be carried out for a consideration of any type paid/credited to the seller.

Which sellers must be reported by platform operators (“Reportable Sellers”)?

- All sellers are reportable, individuals or legal entities, who are resident in a Member State or rent real estate located in a Member State, and perform any of the above activities or receive consideration in connection with any of the above activities during the calendar year to which the reporting relates (“Reportable Period”).

- The law indicates certain categories of sellers who are excluded from the obligation to be reported, namely:
 - Governmental entities;
 - Listed companies, as well as companies that are controlled by listed companies;
 - Entities that perform more than two thousand (2000) activities related to the rental of real estate through the platform during the reportable period;
 - Sellers that perform less than thirty (30) activities related to the sale of goods through the platform and for which the total amount of consideration does not exceed EUR 2 000 during the reportable period.
- The total amount of fines to be imposed per audit for the above infringements may come up to the amount of EUR 500 000, while specifically for the case of late submission of sellers' data, the total amount of the fine may not exceed the amount of EUR 10 000 for each reportable year.
- We note that for cases of non-compliance with the obligation to submit information on sellers following the tax authorities' request or non-cooperation during the audit, in addition to the above fines, there will also be administrative sanctions, such as interruption of access to the websites of the digital platforms, when access is carried out from an IP address located in the Greek territory.

What data should platform operators collect on Reportable Sellers as part of their due diligence obligations?

The platform operators should collect and verify certain personal or corporate data of the sellers depending on whether the sellers are individuals or entities, such as name and surname, date of birth, corporate name, main address, TIN or VAT number, business registration number, any permanent establishments through which the relevant activities are carried out in the EU and the respective Member States where they are located, etc.

What is the timeline for completing the due diligence obligations?

In general, platform operators are required to complete their due diligence obligations (collection and verification of data on registered sellers) by 31 December of each reportable period, but there are also some more specific provisions for special cases.

What is the timeline for the reporting of data to the competent authority?

Platform operators must report the required data to the competent authority no later than 31 January of the year following the calendar year in which the seller was identified as a Reportable Seller (i.e. data relating to the year 2023 must be reported by 31 January 2024).

What data should Platform Operators report to the competent authority?

Data to be reported includes personal/corporate data of the platform operator and of the sellers (e.g. name and surname or corporate name, TIN or VAT number, main address, business name of the platform, business registration number etc.) as well as data of the relevant activity (including data regarding the consideration, the bank account where the consideration is paid/credited, data of the real estate properties that are rent and information on their rental etc.).

What are the penalties for non-compliance?

- By virtue of a new provision in the Greek Tax Procedure Code, fines shall be imposed on platform operators that do not report or report with delay or submit incomplete or inaccurate data for the sellers. Fines shall also be imposed on platform operators who do not cooperate during a tax audit or do not comply with the obligation to provide information of the sellers to the tax authorities upon the tax authorities' request.

When do the new provisions become applicable?

- The new law will enter into force from its publication in the Government Gazette, i.e. from 7 September 2023.
- The first submission of data by platform operators to the competent authority shall take place by 31 January 2024 and will concern data for a reportable period from 1 January 2023, while the first exchange of information between the competent authorities of the Member States is expected to take place by the end of February 2024.

Apart from the provisions for platform operators, what other regulations does DAC7 introduce?

The provisions of DAC7, which were incorporated into Greek legislation by the new law, also introduce some amendments to the broader framework of administrative cooperation between Member States on tax matters, such as:

1. Administrative cooperation between the Greek tax authorities and the tax authorities of the other EU Member States is extended to include VAT and other indirect taxes.
2. The concept of "reasonable relevance" is defined, which is necessary for the lawful exchange of the requested information between the authorities of the Member States.
3. It is stipulated that the Greek competent authority (Directorate of International Economic Relations/DDOS) must respond to a request for information from the requesting authority of another Member State within a maximum period of time of six (6) months.
4. "Royalties" are now included in the list of income that may be subject to exchange of information.
5. The possibility of "joint audits" in Greece on tax matters by mixed teams consisting of auditors from several Member States is introduced.

Other provisions of the new law – Obligation of EFT/POS terminals to interconnect with the Independent Authority for Public Revenues (AADE) and submission of relevant Declaration of Compliance

- Finally, in view of the interconnection of POS terminals with AADE, the new law establishes an obligation for card payment service providers to comply with the requirements for the operation and interconnection of POS with AADE and, respectively, for businesses to use POS that meet these requirements.
- It is provided that card payment service providers should submit a declaration of compliance with the above requirements, which will be published on the website of AADE and will be a prerequisite for the initiation or continuation of the legal operation of the relevant POS terminals in the Greek territory.
- Failure to submit the declaration will result in the suspension of the legal operation of POS and fines of up to EUR 200 000 shall be imposed on the providers, while businesses that use such POS must replace them in due time with other legally operating POS, otherwise fines of up to EUR 10 000 shall be imposed on businesses that continue to use inappropriate POS.

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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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