

**16 January 2015**

# Breaking News Tax

Consistent with our commitment to provide [updated information](#) on current tax issues, we summarize below:

## **An alert on tax related matters introduced by Law 4316/24.12.2014**

As part of our continuous effort to keep you updated on the latest tax developments, we summarize below the most significant tax amendments introduced by Law 4316/2014.

### **Unified Real Estate Ownership Tax**

- The implementation of the continuous update of the Registry of Real Estate Property was postponed for 1 January 2015.
- The deadline for submission of real estate property returns (E9 form) relating to amendments made during 2014 is extended from 31 January 2015 to 31 March 2015.
- The deadline for submission of amendments relating to real estate property held by companies during the years 2010, 2011, 2012 and 2013 (E9 returns for the years 2011, 2012, 2013 and 2014) is extended to 31 March 2015.

### **Tax on capital gains from the transfer of securities**

- Article 42 of the Income Tax Code was amended so as to stipulate that capital gains realized by individuals from the transfer of securities (listed or non-listed) will not be treated as business income, irrespective of the number of transactions carried

out, but as investment income taxed at the rate of 15%. However, there is a contradiction in the respective provision of article 21 of the Income Tax Code where the definition of business income is determined which continues to explicitly state that such an exemption applies only to listed securities.

- Capital gains tax is applicable to all listed securities and not only to listed shares.
- Capital gain arising from the transfer of securities traded in a Regulated Market or in a Multilateral Trading Facility and acquired before 1 January 2009 is not taxable.
- Offsetting of capital gains against capital losses arising from the transfer of securities is permissible across all classes of such securities within five years. Up to date, offsetting was applicable only among securities of the same class.
- It is clarified that investors will be able to benefit from the deduction of expenses related to the purchase and sale of securities for determining the taxable capital gain.
- Corporate actions (split, reverse split etc.) effected by the date of transfer should be taken into consideration for the calculation of the acquisition price. In case of consecutive acquisition of securities, the weighted average acquisition price should be used for determining the taxable investment income.

- The effective date for the above capital gains provisions is stated as being 24 December 2014 which is the date the Law 4316/2014 was published in the Government Gazette. We believe that the effective date may be inaccurate since the amendments should logically apply since 1 January 2014 when the new capital gains taxing provisions first came into effect.
- The VAT Code incorporates the Community provisions which stipulate that as of 1 January 2015 (a) the place of supply of telecommunications, broadcasting and electronic services provided to non-taxable persons shall be the place of residence of the recipient of such services and (b) taxpayers established outside the Member State in which the above services are provided are able to pay the VAT due without being registered for VAT purposes in that State by using the special scheme of the Mini One Stop Shop.

#### **Other tax amendments**

- The statute of limitation of the State's right to assess income and other taxes, duties and fines or contributions which ended on 31 December 2014 is extended to 31 December 2015 where an audit mandate has been issued or an investigation by judicial authorities has been requested in general by 31 December 2014. A similar extension applies to cases where the competent Audit Authorities have received or expect to receive information for cross-reference purposes which has been requested from foreign countries and which should be further examined.
- The imposition of capital gains tax on transfers of real estate is postponed and will apply to transfers that will be carried out as from 1 January 2017.
- The deadline for the issuance of an administrative appeal decision by the Directorate for Dispute Resolutions is extended to 90 days (from 60 days). Respective deadline for filing requests regarding the suspension of the advance payment of the disputed amount is extended to 30 days (from 20 days).
- As of 1 January 2015 the VAT liability of construction companies still holding new and unused buildings four years after their construction is abolished.
- The new law establishes criteria for the application of the "use and enjoyment" rule from a VAT perspective with regard to services supplied to persons outside the European Union and limits, to a certain extent, the application of the above rule solely to the transportation of goods and the leasing of means of transport/other movable tangible goods.

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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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