

Tax - Breaking News

April 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 economically affected by the coronavirus pandemic (COVID -19)

According to Legislative Act 30.03.2020/2020 and the Press Release of 31 March 2020, the following additional urgent measures were announced for the support of enterprises economically affected by the coronavirus (COVID – 19) spread:

Returnable advance payment

- Entities that have been economically affected by the spread of COVID-19 are eligible for a financing scheme by means of a returnable (fully or partially) advance payment.
- The beneficiaries, the amount of the advance payment, the conditions for the granting and for the return of the advance payment, and other details regarding implementation of said measure, will be introduced by common decision of the Minister of Finance and the Minister of Development and Investments.
- This financing shall be tax exempt and cannot be forfeited nor offset against any liabilities.

Deduction by 25% for installments of assessed tax liabilities

- Entities whose operation has been mandatorily suspended or have been economically affected because of COVID -19 (their main activity must be among the specific Activity Code Numbers announced by the Ministry of Finance on 26 March 2020) are entitled to a 25% deduction on their installments in relation to (i) assessed tax liabilities and (ii) settled tax liabilities on the basis of a special settlement or payment facilitation process, which are due on 30 March 2020 through to 30 April 2020, on condition that these payments are timely settled.
- The above deduction does not apply to liabilities arising from the retrieval of Government reliefs nor to tax liabilities towards foreign States.

- By virtue of special Ministerial Decision, the timely payment of the March tax liabilities, which are eligible for the 25% deduction, has been extended to 10 April.
- Further measures are expected to be taken by the Tax Administration for enterprises that have paid in full their tax liabilities on 30 and 31 March, while being eligible for the 25% deduction.
- It has been clarified by virtue of a Press Release that VAT and withholding taxes, payable from 30 March until 30 April 2020, which have not already been subjected to a special settlement or payment facilitation process, shall not be eligible for the 25% deduction nor to any other reduction.
- It has also been clarified by virtue of a Press Release that payment of VAT payable from 30 March until 30 April 2020 in two installments, if this method of payment has been selected, shall not be eligible for the 25% deduction nor to any other deduction, if it has not been already subjected to a special settlement or payment facilitation process.
- Moreover, it has also been announced by virtue of a Press Release that if an enterprise pays in full by 30 April its VAT liabilities that are payable in April, then it will be explicitly possible for this enterprise to offset an amount equal to 25% of such VAT against its future tax liabilities of any type (i.e. tax liabilities arising as of May onwards). This measure is expected to apply also to enterprises that will be characterized as “affected” during April, on condition that they will have timely paid their VAT liabilities due in March.
- Based on relevant announcements by the Ministry of Finance, it appears that the above reliefs shall apply on condition that the beneficiary enterprises will retain the existing number of their employees.
- There is a concern as to whether such deduction could be considered as taxable income at the level of the benefited companies.

- Suspension of tax and social security liabilities or respective reductions will be effected automatically (immediately or within a few days) and with no need for submitting an explicit declaration, depending on whether an enterprise has proceeded with the timely payment or not of the respective payments.
- Finally, it is expected that more enterprises will be characterized as “affected” on the basis of additional Business Activity Codes to be announced in April 2020.
- Further Ministerial Decisions are expected to be issued in respect to the implementation of the above measures.
- We note that unlike to what has been provided for freelancers and individual entrepreneurs, who are eligible for a 25% reduction on their social security contributions for the months of February and March, if timely paid, there is no similar provision until today for enterprises/employers.

Extension of the deadline for publication of financial reports of listed companies

- The deadline for the publication of the annual financial reports of companies listed at the Athens Stock Exchange, for the fiscal year ended 31 December 2019, is extended to 30 June 2020 (we note that the above mentioned deadline was initially set for 30 April 2020).

Extension of statute of limitation period and extension/suspension of deadlines in case of audits

- The statute of limitation period, within which the State can carry out audits, ending from 30 March until 31 May 2020, is extended to 31 July 2020.
- Issuance of preliminary tax assessment notes for taxes and penalties as well as of final tax assessment notes for taxes and penalties is suspended until 30 April 2020.
- Procedures/measures taken by the State against the taxpayers in order to ensure collection of outstanding tax liabilities is suspended during the period that the operation of courts and prosecutors is fully or partially suspended.
- The 20 day deadline for submission by the taxpayers of their memorandum with their objections/arguments against issued preliminary assessment notes for taxes and penalties, as well as the deadline for presentation of books or records or any other documents requested by the tax authorities in the course of tax audits, is suspended until 31 May 2020 (this suspension applies also to deadlines that have not lapsed as of 11 March 2020).
- Deadlines for the submission of administrative appeals and of requests for the suspension of payments, having ended or ending from 11 March until 31 March 2020, are suspended for sixty (60) days.
- Moreover, there will be a sixty (60) day extension of deadlines, the lapse of which without a decision of the tax administration is considered as a silent rejection of administrative appeals or of requests for suspension of payments, for which deadlines have not lapsed in the period between 20 March and 31 May 2020 and on condition that the relevant

decision of the tax administration had not been issued by 20 March 2020.

Procedure for the approval of donations

- It is provided that the supply of goods and/or services from Greek suppliers to individuals, entrepreneurs or legal entities, who subsequently donate such goods/services to the Greek State, with the aim to support the latter in its efforts against the COVID-19 spread, can qualify as being exempt from Greek VAT under ar. 27 para. 1 case 107 of VAT law. The condition for such exemption to apply is that respective donations are accepted and approved solely by the Minister of Health, without the concurrent approval of the Minister of Finance being required. In any case, the acceptance of donations should be notified to the Ministry of Finance.
- Such provision aims to exceptionally facilitate the VAT exemption of the said free-of-charge supply of necessary goods and services to the Greek State (hospital equipment, medicines, etc.), compared to the conditions that would be required to be fulfilled on the basis of the existing VAT framework.

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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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