

Tax Flash

Regulations for development & fiscal consolidation

August 2011

The bill titled “Amendment to the legislation on Public Sector pensions-Regulations for Development and fiscal consolidation-Issues within the competence of the Ministries of Finance, Culture and Tourism and Employment & Social Security”, which also includes tax provisions, was enacted by Parliament on 4.8.2011.

Amongst other issues, the bill provides:

- *Measures towards restructuring and reorganisation of the competent departments for matters of taxation, tax collection and tax audits of the Ministry of Finance.*

In particular:

- Restructuring of the General Directorate of Audits which will be renamed to “General Directorate of Tax Audits and Collection of State Revenues” comprising of the following departments:
 1. Directorate of Operational Planning
 2. Directorate of Tax Audits
 3. Directorate of Tax Collection policies
 4. Directorate for Monitoring legal cases of tax audits and tax collection enforcement
 5. Directorate of Tax Compliance
 6. Tax Collection Operational Unit.
- Large Corporations, operating throughout Greece, as designated by Ministerial Decisions issued and published in the Government Gazette (FEK), will be transferred to the jurisdiction of the Athens Tax Authority for Industrial Corporations (D.O.Y. FABE), which will be renamed into “Tax Authority for Large Corporations”.
- Companies which were under the jurisdiction of the Athens Tax Authority for Industrial Corporations (D.O.Y. FABE) but do not qualify as “Large Corporations” will be transferred to the jurisdiction of the Athens Tax authority for Commercial Corporations (D.O.Y. FAEE), which in turn will be renamed into “Athens Societes Anonymes Tax Authority”.
- *For an Amnesty Period during which individuals and legal entities may submit a late Income Tax Return or a Supplementary Income Tax Return, until 30.9.2011, for any income acquired up until Financial Year 2010 (normally a year ending 31.12.2009, but may differ depending on legal form and accounting year end date) without imposing any surcharges or penalties. Payment of the income tax due is effected by the legal entities in three (3) equal monthly installments.*

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- ***It is possible to file within the same deadline, without the fine for late filing being imposed, the Customer and Supplier Statements (Ordinary and Supplementary) and the balance sheets, as required by the relevant provisions of the Code of Book and Records.***
 - ***The possibility to proceed with late filing of a Tax Return Statement, until 30.9.2011, applies also for any other type of taxation, with the only exception of Circulation Tax for cars and motorcycles, with beneficial terms.***

In particular:

- If the main tax liability is paid in a lump sum, no tax surcharge will be imposed.
 - If the main tax is paid in installments, a tax surcharge of 10% will be imposed if the relevant tax liability was generated until 31.12.2009, whereas a 3% tax surcharge will be imposed if the relevant tax liability was generated from 1.1.2010 onwards and the relevant submission deadline has expired by the time the multi-bill was put on voting (14.7.2011).
 - If a tax payment obligation does not arise, then not even a late filing penalty will be imposed.
- ***The above Tax Amnesty regulations will not apply:***
 - In instances where until the law has entered into force the relevant tax assessment acts have been issued and entered into the relevant registries.
 - In cases regarding Large Real Estate Property Tax or Real Estate Declarations (E9).
 - For Tax Returns submitted under reservation.
 - For Income Tax Returns reporting losses.
 - For cases, in which the issuing and notification procedures of the relevant tax assessments have not been concluded until the date the ratified bill has been officially published, where the entrepreneurs book and records have been deemed or challenged as insufficient or inaccurate.
 - For filing of monthly VAT Returns referring to tax periods from 1.1.2011 and onwards.

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- *The above apply also for taxpayers, who, at the date that the ratified bill has been officially published, have been already selected for preliminary or regular tax audit. To this end they may submit the above mentioned Tax Returns within 10 days from the notification of the relevant invitation and not later from the end of the second month following the publication of the ratified bill.*
 - *The opportunity to include in the latest tax amnesty scheme provided by L. 3888/2010 certain cases which were originally exempted, with regards to fiscal years ending up until 31.12.2009.*

In particular, the following cases will fall under the tax amnesty scheme:

- For any case the unaudited fiscal year in which the declared annual gross revenues exceed the amount of € 20 million., and subsequent fiscal years, with a maximum cap of € 40million, for every case or every unaudited fiscal year and subsequent fiscal years,
 - Cases of listed companies in the Athens Stock Exchange (as long as the other requirements are met), and
 - Cases of individual entrepreneurs subject to taxation of real estate property, based on the Registry for Assets of the year 2008.
- *From 1.9.2011 art.4 of L.3610/2007 on Incentives for Voluntary Compliance, which provides for the tax payer to be able to make a choice on whether to file a Tax Return or a Supplementary Tax Return for Income, VAT or other types of taxation, with a reduction on tax surcharges and applicable penalties following a written invitation by the competent tax authority, will be abolished.*
 - *The statute of limitation period by virtue of which the state retains the right to impose taxes (notify Tax Audit Sheets or Tax Payment Notices) expiring on 31.12.2011 is extended until 31.12.2012.*



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For further details please contact either our Tax Partners directly or your regular PwC contact who will put you in contact with the relevant Tax Partner.

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