

# Tax Flash

August 2016

On July 27, 2016 a new Law was voted by the Greek Parliament including tax and customs provisions, the most important of which are summarized below.

## A. Transfer pricing (TP) amendments

### **New deadlines for transfer pricing documentation files requirements**

- The Transfer Pricing documentation file (master file and Greek file), must be prepared within the deadline for the submission of the annual income tax return, while within the same period the Summary Information Table should be submitted electronically to the General Secretariat of Informative Systems of the Ministry of Finance.
- The new deadlines are applicable for the TP documentation files prepared for any transactions performed as of 1.1.2015.

*The above are aligned with the revised Chapter V of the OECD Guidelines, as included within Action 13 of the Base Erosion Profit Shifting project, which provides as proposed date for the finalization of the TP file the date of the submission of the annual income tax return.*

### **Classification of companies and potential exemptions**

- A decision of the General Secretary for Public Revenue may provide for the method for the calculation of the turnover and the respective accounting standards regarding the TP documentation requirements, a simplified procedure for very small and small entities, as well as exemptions from the TP documentation requirements for very small entities.

*With this new provision, for alignment purposes, a reference is made to the categorization of enterprises in accordance with the new Greek accounting standards according to which the companies are classified to very small, small, medium and large, by taking into account the total assets, the net turnover at the balance sheet date as well as the average number of employees during this period.*

### **Extension of period for Advanced Pricing Agreements - APAs)**

- The period for the issuance of a decision of the General Secretary for Public Revenue on APAs is extended to 18 months (from 4 months) in order to allow sufficient time for the evaluation of the respective applications, with a possibility for further extension to 36 months.

*The above amendment regarding the time of issuance of the decision of the GSPR on APAs provides for adequate time for the assessment of the relevant requests and is in line with the international practice.*

### **Optional issuance of the annual tax certificate**

## **B. Amendments to the provisions regarding the issuance of the annual tax certificate**

- For tax years as of 1.1.2016, the issuance of the annual tax certificate becomes optional for Societe Anonymes, Limited Liability companies and foreign

companies' Greek branches, while for these years the respective penalty for non-issuance of the annual tax certificate is abolished.

- It is clarified that the companies which will continue to issue an annual tax certificate are required to assign this issuance to a different statutory auditor/ audit firm every five years.

### ***C. Introduction of new infringements and penalties of the Code of Tax Procedures ("CTP") regarding the issuance of tax records***

#### ***Infringements and penalties regarding Electronic Tax Mechanisms***

- As of 1.1.2016, the following penalties are imposed in case of infringements regarding Electronic Tax Mechanisms ("ETM"):
  - € 500 per tax audit for infringements relating to the issuance of records for retail sales without the use or by using an unauthorized ETM as well as to the issuance of records and receipts by an Integrated Input-Output Control System without the use of an authorized model of Tax Mechanism.
  - € 5,000, € 10,000 and € 20,000, for any infringement relating to the intervention in any form whatsoever to the functioning of the ETM, depending on the status of the person who made the infringement.

#### ***Infringements relating to the issuance of tax records***

- As of 25.07.2016, the lower penalties of € 250 and € 500 cumulatively per tax audit are provided for companies keeping single-entry and double-entry books accordingly for the non-issuance of a tax record or the issuance or the receipt of inaccurate record for transactions burdened with VAT.

### ***D. Contractors' withholding tax of 3% at the assignment of public technical projects***

#### ***The 3% tax shall be withheld only by the assignor of the project***

- A new provision is added to the Income Tax Code according to which in the case of the assignment of a public technical project to a subcontractor (joint venture or company of any other form) the contractors' tax shall be withheld only by the assignor of the project (Government, Municipality, Public Companies, etc.) upon the payment of the contractor's consideration.
- The aforementioned provision is retroactively applicable for any income earned as of 1.1.2014.

*To be noted that the Ministry of Finance, with its reply of 7.6.2016 to a relevant query, has already expressed the above opinion as regards the withholding of contractors' tax only by the assignor with the purpose of avoiding double taxation (Ref. number: ΔΕΑΦ Β 1087947 ΕΞ 2016/7.6.2016).*

### ***E. Other tax provisions***

#### ***REICs***

- It is provided that as of 1.6.2016, any capital gains realized by the transfer of the shares in Real Estate Investment Companies ("REICs") is exempt from any income tax on the condition that said shares are not listed in the Athens Stock Exchange.

#### ***Uniform Tax on the Ownership of Real Estate Property (EN.F.I.A.)***

- It is provided that especially for 2016 in order for the calculation of the supplementary tax of individuals the value of the rights on plots outside urban planning is not taken into account.

**Measures for  
fighting against  
illicit trafficking**

**Adjustment of VAT  
suspension  
arrangements**

### ***E. Customs Code and VAT amendments***

- New provisions are introduced to the National Customs Code mostly regarding an effort to fight illicit tobacco products traffic (new licensing system, introduction of electronic identification, prohibition of sales on distance, tracking and monitoring system and security features of tobacco products, etc.).
- The eligibility limits for the VAT suspension arrangement upon release of goods for free circulation are adjusted (downwards).

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*This information is intended only as a general update for interested persons and should not be used as a basis for decision making. For further details please contact PwC:*

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