

# Tax

## Flash

May 2021

### New tax provisions

A new bill (Law 4799/2021) has been published in the Government Gazette. This new law introduces, among others, certain amendments on tax legislation. The most important tax amendments include:

**Reduction of the CIT rate (art. 58 ITC)** For the tax year 2021 onwards, the corporate income tax rate is reduced from 24% to 22%.

**Reduction of advance income tax payment** **Legal entities:** For the tax year 2021 onwards, advance tax payment rate is reduced from 100% to 80%. As regards tax year 2020 in particular, advance income tax payment is 70%.

For Greek banks and local branches of foreign ones, the advance tax payment rate is 100%.

**Freelancers:** For the tax year 2020 onwards, advance tax payment rate for income derived from individuals' business activity is reduced from 100% to 55%.

**Special solidarity contribution exemption for 2021** For tax year 2021, all individuals' income is exempt from special solidarity contribution (art. 43A of L. 4172/2013), except for employment income from the public sector and pensions.

*In the explanatory memorandum it is explicitly mentioned that the above exemption refers to (apart from private sector employment income where an exemption is already in force) income derived from business activities, capital (dividends, interest, royalties and rental income) and capital gains.*

**Special solidarity contribution exemption for 2022 on employment income** For tax year 2022, employment income from the private sector is exempt from special solidarity contribution (art. 43A of L. 4172/2013).

*To be noted that as per the explanatory memorandum the maintenance of special solidarity contribution in parallel to the economic and social consequences of the COVID-19 pandemic creates significant problems to market development, financial liquidity, whilst it constitutes a disincentive for investment activity.*

**Clawback benefit allocation method** New bill provides for an allocation method as regards the benefit arising for marketing authorization holders (MAHs) for pharmaceuticals or pharmaceutical companies from the application of the ability to set off clawback with R&D and Investment Plans expenses in accordance to article 11 (ζ') L. 4052/2012.

More specifically, it is clarified that for income tax purposes the benefit obtained by enterprises from the said set off will be allocated equally within a five-years period, as of the year in which the benefit arises. This allocation as indicated above, applies, as of fiscal year 2020 onwards.

*The new bill regulates to the right direction as regards the taxation of the economic benefit arising for enterprises due to the offsetting of clawback with R&D and investment plans expenses, as it stipulates explicitly relevant allocation within five years.*

It should be noted that each individual case should be examined on the basis of its particular characteristics and the above-mentioned general principles may not necessarily apply in all circumstances. Our specialized consultants are in a position to assist you with regard to any issue that may arise in your individual case.

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