

## **“Guide to Advance Pricing Agreements (APAs)”**

**October 2014**

***APA process provides certainty to taxpayers, since they are in a position to predict their future tax liabilities.***

Following the provisions of the Greek Tax Procedures Code and the relevant Ministerial Circular POL. 1284/2013, the General Secretariat of Public Revenue published on its website guide to Advanced Pricing Agreements (APAs), as well as relevant application forms for the Pre-filing stage and the Formal application stage. The purpose of the Guide is to determine in detail the content and the procedure of the APA, as well as the type of information to be submitted. The Press Release of the Ministry of Finance highlights the fact that the taxpayers will benefit from the certainty concerning the agreed transfer pricing methodology, will reduce their compliance costs and will be in a better position to predict their tax liabilities.

More specifically:

- An APA can be unilateral, bilateral or multilateral. The taxpayer should describe in detail the reasons why he feels a unilateral APA is appropriate and does not require the process of a bilateral or multilateral APA. In addition, a unilateral APA between a taxpayer and a foreign tax authority does not bind the Greek tax authorities.
- Though a taxpayer may be under audit, the taxpayer may apply for an APA in respect of the future years. The fact that the taxpayer has applied for an APA should not generally result in the discontinuation or postponement of an audit in relation to the prior years.
- The application forms regarding the Pre-filing and the Formal Application Stage include a detailed list of the type of information that is necessary with the application. The taxpayer may provide an independent expert opinion in order to support the proposed transfer pricing methodology. All the information needed should be filed in a mutually agreed form and in all cases in Greek.
- Information required at the Pre-filing stage is not required to be filed again with the formal application. The application forms are available on the official website of the General Secretariat of Public Revenue (<http://www.publicrevenue.gr/kpi/public/archive/1161/>).
- Greek tax authorities consider the pre-filing stage as a useful approach, without being mandatory, since it gives the opportunity to discuss whether an APA is appropriate, what information might be needed for the formal application and to assess potential benefits of the APA.
- The Guidelines issued by the General Secretariat of Public Revenue also provide for visit to the taxpayer's business premises by the tax authorities, in order to understand the actual operations underlying the transactions. Tax authorities have the right to ask for supplementary information to check and evaluate the proposed

methodology. Following the APA application, the taxpayer cannot rely on the confidentiality clause in order to refuse to provide any necessary document. The taxpayer should provide all the necessary information in an agreed time, without any delay. It should be noted that the tax authorities are obligated to keep confidential all the data and information of the taxpayer. The use of confidential information and data is permitted only in cases where foreign tax authorities are participating in the APA process.

- Following conclusion of the APA, the taxpayers should submit an annual compliance report, containing all data supporting that the critical assumptions were duly satisfied. The compliance report, for which there is no specific template, is filed within the same deadline for the filing of tax returns. If the abovementioned report is not filed, the APA is considered to be annulled starting from the year for which the compliance report was not filed.

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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:  
268, Kifissias Avenue  
15232 Halandri  
tel. +30 210 6874400*



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