

Tax

Flash

October 2020

Exit taxation: Application details

Following the incorporation of the exit taxation rules with Law 4714/2020, the decision A.1231/2020, which was published in the Government Gazette on 26 October 2020, determined the type and content of the relevant tax return, while clarifying all necessary details for the application of the relevant provisions. It is noted that said rules apply to transfers of assets, tax residence or activity from Greece to another Member State or third country that take place from 1 January 2020 onwards. For the first application, the relevant exit tax returns shall be filed by **2 November 2020**. In detail:

The decision includes clarifications regarding the cases in which taxpayers are obliged to provide a guarantee.

Guarantee provision when the tax is paid in installments

When an option is made to pay the tax in five (5) equal annual interest-free installments, provision of a guarantee is required only if there is a proven and real risk that the tax identified won't be paid. It has been clarified that such a risk exists when the current assets to total liabilities ratio of the legal entity (Current Assets / Liabilities), as presented in last year's official financial statements, is less than one (1).

In this case, the amount of the guarantee must be equal to the amount of two (2) installments and must expire three (3) months and two (2) working days after the deadline for payment of the last installment of the tax due.

Guarantee provision when assets are returned in Greece within 12 months

When specific assets are to be returned in Greece within a period of twelve (12) months, in order for tax not to be imposed, taxpayers must provide a guarantee equal to the total amount that would be due if the exit taxation rules were applied at the time of departure.

In this case, taxpayers are obliged to submit a relevant notification to the Head of the competent Tax Office, within three (3) working days from the date of completion of the twelve (12) months, regarding the return of assets in Greece. A copy of the accounting records with which such a return is shown, must also be submitted. If the assets remain abroad for a period longer than twelve (12) months from the date of departure or the taxpayer does not notify the Tax Office within the above deadline of their return in Greece, the guarantee is forfeited in favor of the Greek State and interest is calculated for the total tax due from the date of filing the return.

It is noted that, in both the above-mentioned cases, if the guarantee is of a smaller amount or its expiration date is shorter than expected, the tax is required to be paid in a lump sum.

How the return is filed

The exit tax return, which is signed by the legal representative, must be sent either by registered mail or by courier service, or by digital scan via e-mail to the competent tax office. Furthermore, it is also possible to file the return in person at the relevant registrar's office. However, in the event that a guarantee is required, the return may not be emailed.

Supporting documentation

In addition to the data defined in par. 9 of article 66A of Law 4172/2013 for the verification of the market value of the transferred assets, any suitable data from which their value for tax purposes, as well as the latest official financial statements from which the ratio of current assets to total liabilities is derived, must be submitted with the return.

In case it is not possible to determine the tax liability due to lack of any of the supporting documents or non-completion of fields in the return, a relevant invitation is posted in TaxisNet's personalised information page of the legal entity, no later than three (3) working days from receipt of the return. If this invitation is not answered, the return is deemed not to have been filed.

Deadline to file the return

For transfers of assets, tax residence or activity that have taken place from 1 January to 26 October 2020, exit tax returns shall be filed, without penalty, by **2 November 2020**. In all other cases, the relevant return is filed three (3) working days before the occurrence of the exit event.

It is important to note that each individual case needs to be examined based on its own merits, and that the above-mentioned general principles might not necessarily capture all possible eventualities. Our expert advisors are in a position to advise you on the implications arising from a Greek perspective in relation to your specific case.

www.pwc.gr

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

© 2020 PricewaterhouseCoopers Business Solutions AE. All rights reserved. PwC refers to the Greece member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.