

Indirect Tax Newsletter

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VAT

Introduction of stricter rules on VAT assessments

In March 2015, the Greek VAT Code was amended in order to allow VAT that was assessed in the context of provisional or final VAT audits to become subject to tax leniency or debt settlement programs, as applicable at the time of the assessment. Furthermore, penalties imposed along with the VAT could be reduced under certain conditions, provided that the taxpayer would accept the VAT assessment (i.e. not challenge the assessment).

However, Law 4336/2015, which came into force on 19 August 2015, has revoked the above provisions. Therefore, taxpayers may no longer benefit from tax leniency or debt settlement schemes in relation to VAT assessments, nor may they expect a reduction of penalties imposed along with the VAT.

New procedure for the VAT exemption for purchases/imports of goods intended for intra-community supplies and exports

Taxpayers are eligible to claim a VAT exemption for purchases and imports of goods that are intended for exports and intra-community supplies (as well as for related services). The exemption applies for a value of purchases/imports that may not exceed the value of exports and intra-community supplies that the taxpayer performed during the previous fiscal year or in the twelve months before the date of the relevant application. The exemption applies for twelve months from the date on which the relevant application is filed.

The Ministry of Finance (MoF) has recently published a new Decision (No 1167/2015) which simplifies the procedure for claiming the above VAT exemption. Key changes are the following:

- The documents that the eligible person is required to submit along with the relevant application have been reduced in order to make the procedure less bureaucratic.
- In the event that the value of qualifying purchases and imports exceeds the threshold for which an exemption applies before the end of the twelve month period for which such exemption has been granted, eligible persons have the right to renew the applicable VAT exemption for an additional 12-month period. The renewed exemption will be set on the basis of exports and intra-community supplies performed during the previous 12-month period. Until now, in the event that the value of qualifying purchases and imports exceeded the applicable threshold prior to the lapse of the 12-month period for which the exemption had been granted, taxpayers were eligible to apply for an additional threshold, which however was valid only until the end of that same 12-month period.
- Reporting obligations that were imposed both on suppliers and purchasers have been abolished.

Changes in the format of the periodic VAT returns

The MoF has recently published a revised template form of periodic VAT returns (Decision No 1182/2015), which reflects recent changes of the super reduced VAT rate (reduced from 6.5% to 6% and from 5% to 4% in the Aegean islands).

A new field has been inserted in the revised template form, which regards VAT paid by banks directly to the State under the recently adopted VAT split payment system. To be noted that, according to the new system, banks will withhold and remit directly to the State VAT amounts for payments made through the banking system. Further guidelines are anticipated on the implementation of the split payment system.

The new format should be used for filings after 1 October 2015.

VAT rates applicable to hotel packages

Restaurant services have become subject to the standard VAT rate from 20 July 2015 (23% and 16% in the Aegean islands). On the other hand, hotel accommodation is currently subject to the super reduced rate (6% and 4% in the Aegean islands), whereas from 1 October 2015 it will be subject to the reduced rate (13% and 9% in the Aegean islands).

Given the above differences in applicable VAT rates, the MoF has determined (Decision No 1161/2015) that hotels charging a single price for accommodation, meals and other services should apply VAT based on the following allocation:

- Accommodation including breakfast: 5% of the price should be subject to the standard VAT rate as corresponding to breakfast;
- Half board accommodation: 15% of the price should be subject to the standard VAT rate as corresponding to breakfast and one meal;
- Full board accommodation: 25% of the price should be subject to the standard VAT rate as corresponding to breakfast and two meals;
- All-inclusive accommodation: 30% of the price should be subject to the standard VAT rate as corresponding to all supplies of goods and services other than accommodation.

Customs

Electronic submission of supporting documentation relating to exports

According to a new decision of the MoF (ΔΤΔ Α 5016701 ΕΞ 2015/31.07.2015) that will become applicable from 1 November 2015, upon request of the competent customs authorities, exporters are under the obligation to submit electronically (in a scanned form) the supporting documents relating to exports in the following cases:

- The customs authorities decide to perform an audit on the supporting documents or a physical audit, or they decide to audit the observation of prohibitions/restrictions that have been imposed.
- Upon filing an application for the amendment or cancellation of customs declarations relating to exports; in such case the supporting documents are submitted together with the application, without prior notice or request by the customs authorities.
- Exit of goods from the EU customs territory, which needs to be proven by the exporter.

- The customs authorities will perform an audit following the completion of the export.

Apart from the above electronic submission, exporters are also under the obligation to submit the supporting documents relating to exports in the original (in hard copy) in certain cases (including physical audit and authentication of special book of exemptions).

According to the above decision, supporting documents relating to exports must be maintained by exporters for ten years, irrespective of whether a relevant audit has been performed by the competent customs authorities, and in any case as long as any relevant litigation is pending.

Certain categories of supporting documents relating to exports are excluded from the obligatory electronic submission, including INF forms, EUR.1, EUR-MED or A.TR. certificates and documents relating to simplified procedures followed upon fueling and provisioning of aircraft and vessels under tax suspension.

Exports of goods from other EU Member States; clarifications provided

The MoF has issued a Decision (No 1181/2015) clarifying that exporters established in Greece are entitled to export goods from another EU Member State by fulfilling the relevant customs formalities therein, to the extent the respective goods are packaged or loaded for transport outside the EU in that other EU Member State.

The Decision further confirms that exporters engaging in the aforementioned exports are entitled to (a) the VAT exemption applicable to purchases/imports of goods intended for exports and (b) the refund of VAT incurred in Greece in relation to such exports.

As regards the VAT exemption of the above exports, it is applicable provided that it is established that the relevant transaction has indeed taken place and that the respective goods have left the customs territory of the EU.

In this respect, the following documentation must be available:

- The respective sales invoice.
- Bank documents evidencing the relevant payment.
- Export notification or any other document issued by the customs authorities of the Member State where the export takes place evidencing the exit of the goods from the EU.

Other Indirect Taxes

Special tax on TV advertisements; new deadlines set for filing tax returns and payment of tax due

Following several postponements after its introduction in 2011, the 20% special tax on TV advertisements finally came into force on 1 January 2015. Earlier this year, the MoF issued a decision which provided for the annual filing of the respective tax returns and payment of the tax by the TV stations until the 20th of January of the next year. However, on the basis of a new decision of the MoF (Decision No 1180/2015), the filing of the tax returns and payment of the tax must take place on a monthly basis. The applicable deadline has been set for 20 days after the end of each month. The new decision provides for transitional deadlines for the period between 1 January 2015 and 31 August 2015.

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