

## Introduction of new Voluntary Disclosure Program

**On 12 December 2016, the Greek government submitted to Parliament a new bill introducing, among others, a long awaited program for the voluntary disclosure of undeclared funds (the "VD program"). The deadline for participating in the VD program expires on 31 May 2017.**

### Key features

Pursuant to the new bill, taxpayers will have the chance to disclose to the tax authorities funds that had not been declared in previous years, while benefiting from the imposition of reduced penalties. The main tax for disclosed funds will be assessed based on the tax rate applicable at the time, when such funds should have been reported.

For funds disclosed until 31 March 2017, penalties for late filing will be calculated at a rate of 8% on the amount of the main tax due. After that date, the applicable rate will be 10%.

Depending on the year within which the funds being disclosed should have been reported, penalty rates for late filing will be readjusted, as follows:

Year of reporting obligation	Readjustment rate for penalties	Applicable penalty rate, if disclosed until 31.03.2017	Applicable penalty rate, if disclosed until 31.05.2017
up to 2001	25%	10%	12.5%
2002	23%	9.84%	12.3%
2003	20%	9.6%	12%
2004	16%	9.28%	11.6%
2005	15%	9.2%	11.5%
2006	12%	8.96%	11.2%

Year of reporting obligation	Readjustment rate for penalties	Applicable penalty rate, if disclosed until 31.03.2017	Applicable penalty rate, if disclosed until 31.05.2017
2007	10%	8.8%	11%
2008	6%	8.48%	10.6%
2009	5%	8.4%	10.5%
2010-2013	0%	8%	10%

Different rates and rules apply for taxpayers who are currently under tax audit.

## Taxes covered

The VD program applies to all taxes covered by the Greek Code of Tax Procedures (Law 4174/2013), including i.a. income tax, inheritance and gift tax, real estate taxes and special solidarity contribution tax.

## Benefits of the new VD program

Under the proposed program, taxpayers will have the opportunity to:

- (i) Benefit from significantly reduced penalties for the late reporting of funds referring to years up to 2013 (based on the currently applicable rules, such late filing penalties would be calculated at rates reaching 60% of the main tax due).
- (ii) Be relieved from future fines for inaccurate filing or non-filing of tax returns concerning years 2014 and 2015.
- (iii) Shield themselves from additional fines or penalties, as well as from potential criminal prosecution for tax evasion and money laundering related to tax evasion.

## Unresolved matters

Based on the wording of the bill and its explanatory memorandum, the following issues remain unclear:

- (i) For fiscal years 2014 and 2015, late payment interest seems to be assessed on the amount of tax due (currently calculated at an 8.76% annual rate).
- (ii) The bill does not set any limitation on which years may be subject to the VD program, taking into account statute of limitation rules.
- (iii) It is not clarified, whether non-Greek entities with Greek UBOs are entitled to participate in the VD program.

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## What's next

Currently, the bill is under process by the competent committee of the Greek Parliament and will be voted probably within next week. Once the new law enters into force, the Ministry of Finance is expected to provide implementation guidelines and tax forms clarifying unsettled matters.

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