



COVID-19 – Measures aiming to tackle the effects of the Coronavirus pandemic

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Tax Alert



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COVID-19 – Measures aiming to tackle the effects of the Coronavirus pandemic

1. Legislative Decree issued on 01.05.2020 regulating new measures to address the continuing effects of the spread of COVID-19 and the return to regularity from a social and financial perspective

The new legislative Decree, which has been issued on 01.05.2020 provides inter alia for:

01 **Supplementing the measure regarding the 25% deduction in the amount of scheduled payment of assessed debts**

Pursuant to the provisions of the newly issued Legislative Decree, the 25% deduction in the amount of scheduled payments of assessed debt in the context of a debt settlement scheme also applies to prompt payments realized from 11.03.2020 until 29.03.2020.

It is further provided that the said deduction shall be carried out through offsetting an amount equal to the amount of the deduction against other tax liabilities or scheduled payment of assessed debts in the context of a debt settlement scheme, provided that the latter are due after 01.06.2020.

02 **Provision of tax credit in payment of tax liabilities and other charges imposed on energy products**

According to the provisions of the Legislative Decree of 01.05.2020, a credit period of ten (10) days is provided to authorized warehouse keepers (as specified under the provisions of art.55(a) of L.2960/2011) in order for the latter to pay to the customs authorities any excise duty due, VAT debts or other relevant charges imposed to energy products (as those charges are regulated by the provisions of art.73 of L.2961/2001). That applies to energy products which depart from the duty suspension arrangement from 04.05.2020 until 19.05.2020.

The date on which the tax liability becomes chargeable is the starting point for the calculation of the credit period. For the provision of credit, the total amount of assessed debt shall be covered by a financial guarantee in favor of the State. Failure to pay the whole of the debt within the given deadline will lead to a guarantee call so as for the debt to be paid.

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The new legislative Decree, which has been issued on 01.05.2020 provides inter alia for:

03 Provision of financial support to businesses operating on hospital/medical practice activities

Businesses whose four digit CPA code of business activity is 86.10 “Hospital activities” are considered affected businesses. That also applies to all five, six or eight digit CPA codes forming the subcategories of the main category of the aforementioned CPA code 86.10.

The above businesses may benefit from :

- the postponement of the deadline for payment of VAT debts due from 01.04.2020 until 31.05.2020. The said postponement shall last until 31.08.2020. The same postponement applies to the collection of assessed VAT debts due from 01.04.2020 until 31.05.2020.
- the postponement of the deadline for payment of assessed debt and scheduled payments in the context of a debt settlement scheme, provided that those payments are due from 01.04.2020 until 31.05.2020. The said postponement shall last until 31.08.2020. The same postponement applies to the collection of assessed debts due on the aforementioned deadlines. Regarding the aforementioned extension of the deadline until 31.08.2020, upon payment, no interest or surcharge in relation to the postponement period shall be calculated.
- a 25% deduction in VAT. In more detail, affected businesses may benefit from offsetting against any other liability at a rate of 25% in case they fully discharge their VAT debts. That applies under the condition that (i) the other liabilities to be offset are due after 01.05.2020 and (ii) the VAT debt is fully paid no later than 11.05.2020, as it is provided by art.1(1) of the Legislative Decree of 11.03.2020.
- any social security contributions with reference to the periods of employment of March and April 2020, which are due on 30.04.2020 and 31.05.2020 respectively, may be paid on 31.10.2020 and 30.11.2020 respectively. Upon payment no interest or surcharge in relation to the postponement period shall be calculated.

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The above businesses may benefit from :

- the postponement of the deadline for payment of scheduled payments in the context of debt settlement schemes, which are due on 30.04.2020. The said postponement shall last for three (3) months. No interest or surcharge in relation to the postponement period shall be calculated.
- businesses with diminishing turnover as a result of the spread of COVID-19 may benefit from the following measure: the Greek National Organization for the Provision of Healthcare Services will proceed to offsetting a 20% of the difference between the turnover of March, April and May 2020 and that of the corresponding months of the previous FY. The said offsetting shall be carried out through the reduction for tranches in the context of a claw back mechanism. The reduction shall not exceed 50% of three twelfths of the labor cost incurred in FY 2019, as the latter is reported in the detailed periodic statements, which have been submitted.
- the benefits under examination do not apply to businesses which already fall within the scope of the support measures on the basis of their CPA code, which is different from CPA code 86.10 «Hospital services».

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04 Postponement of the collection of debt and extension of the deadline for payment of instalments for gambling operators

Businesses operating in the gambling industry, which suffer an operating ban as a result of the relevant Joint Decision with ref.no. Δ1α/Γ.Π.οικ 18149/13.3.2020 may benefit from:

- The extension of the deadline for payment of instalments of debts owed to the Ministry of Finance (see relevant Ministerial Decisions for the arrangement of those debts, with ref.no. 1918/19.3.2012, 3410/25.7.2014 and 4000084, 2017), as well as
 - The postponement of the collection of the aforementioned debt. The duration of the postponement will be determined by the Minister of Finance through the issuance of a relevant Ministerial Decision. However, it is noted that the postponement period shall not exceed six (6) months. During the postponement period, no interest or other surcharges shall be calculated.

The above shall apply to debts, which would be paid after the entry into force of the Joint Ministerial Decision with ref.no. Δ1α/Γ.Π.οικ 18149/13.3.2020.

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2. Ministerial Decision with ref.no. A.1099/2020 regarding the financial support of holders of securities – the final date for the Submission of application is set on 7.5.2020.

Pursuant to the new Joint Ministerial Decision which has been published on 30.04.2020, certain issues are specified with regards to the application - as of 01.04.2020 - of the provisions of article 1 (postponement of VAT payments) and 2 (extension of the deadline for instalment payments and postponement of collection of assest debts) of the Legislative Decree of 11.03.2020, for any holders of securities. That applies to securities in case their maturity and payment date has been suspended for a period of 75 days, starting of the date indicated on the security.

In particular, the new Joint Ministerial Decision provides for :

01 conditions for application of the measure:

Businesses with CPA codes not included in the relevant lists of CPA codes of affected business sectors (which have been published by the Ministry of Finance) may benefit from the aforementioned measures provided that they are holders of securities, in case (i) the maturity and payment date of those securities have been suspended, and (ii) the total value of those securities exceed the 20% of their average monthly turnover of the previous FY. Their average monthly turnover is calculated as described below:

- For Businesses that are subject to VAT, the average monthly turnover shall be calculated on the basis of their total outflows, as reported in the VAT return which have been submitted by 30.03.2020 (tax code 312 in the VAT return of the tax period concerned).
- For Businesses, which are not required to file VAT returns, the calculation of their average monthly turnover is determined by their gross revenue generated in FY 2019 as reported in their accounting records, after verifying those by comparing to the amounts reported in their annual income tax return. Special provision for the calculation of the monthly average turnover is enacted for businesses that commenced their activities in 2019.

It is further noted that all securities shall be notified to credit institutions via electronic data transfer.

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In particular, the new Joint Ministerial Decision provides for :

02 Exceptions

Businesses with CPA codes – as of 30.03.2020- which are included in the list of CPA codes of affected business sectors attached in the Ministerial Decision under examination, as well as businesses whose gross revenue (as those have been declared in their initial annual income tax return for FY 2018) and are generated from their active CPA code of secondary activity (as of 30.03.2020) is higher than the gross revenue deriving from their main CPA code activity (as of 30.03.2020) may not benefit from the aforementioned measures.

03 The application procedure – supporting documentation

the relevant application shall be submitted electronically on the electronic web-based platform «myBusinessSupport» , supported by the Independent Authority for Public Revenue. The deadline for the submisiion in set on 7.5.2020. Lastly, the Decision provides for the necessary information that shall be included in the application, serving as an affidavit of L. 1599/1986

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3. Joint Ministerial Decision issued by the Ministries of Finance - Development & Investments regarding the procedure and the conditions for the granting of the State loan (repayable advance) – Deadline for the submission of application set on 15.5.2020.

Pursuant to the provisions of the Joint Ministerial Decision with ref.no. ΓΔΟΥ 94/3.5.2020, the procedure as well as the conditions of the grant of the repayable advance (which is a State loan) to businesses which have been affected by the spread of COVID-19 are specified.

01 The aforementioned Decision provides for inter alia:

- the definitions of the terms included in the Decision;
- the beneficiaries of the loan;
- the method for calculating the amount of the grant;
- the application procedure as well as any supporting documentation required;
- the procedure and conditions regarding the recovery of the aid.

With respect to the application procedure, it shall be noted that any business concerned shall submit their applications on the electronic platform «myBusinessSupport» (<https://www.aade.gr/mybusinesssupport>).

The final deadline for submitting in set on 15.05.2020.

4. Provision of special purpose compensation to certain categories of self-employed persons, who operate in certain scientific sectors – free lancers – Joint Ministerial Decision issued by the Ministries of Finance - Development & Investments and Labor & Social Affairs - Deadline for the submission of application set on 8.5.2020.

01 According to the provisions of the Joint Ministerial Decision with ref.no. Oik. 16604/ 3224/2020, which has been published on 29.04.2020, certain categories of self-employed persons, who operate in certain scientific sectors – free lancers may benefit from the provision of the special purpose compensation. The said provision applies to self-employed persons, who operate in certain scientific sectors, namely lawyers, engineers, accountants, doctors of all specialists, educational staff and researchers of all research areas, as it is further detailed in the above Decision.

It shall be noted that should beneficiaries have already responded to the request made by the Ministry of Labor and Social Affairs (with ref.no. 286/2.4.2020) and have already received an advance payment amounting to EUR400, they will receive the remaining amount of the special purpose compensation, which will be equal to EUR200.

On the other hand, those of the beneficiaries who have not responded to the aforementioned request, may submit their application for the provision of the above special purpose compensation to the ERGANI information system (supportemployees.services.gov.gr) until 08.05.2020.

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5. Press Release issued by the Ministry of Finance on 30.04.2020 regarding the new response measures to tackle the adverse effects of COVID-19 in May

The Ministry of Finance through a Press Release, which has been published on 30.04.2020, announced the new response measures to be taken in order to tackle the adverse effects of COVID-19 in May. In particular, it has been announced inter alia that:

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- All employees whose employment contracts are still suspended will benefit from the special purpose compensation, on the basis of the duration of that suspension. Businesses that implement the suspension of employment contracts of their employees shall not proceed to reductions in their workforce, in a way that they preserve the same number of employees and the same type of employment contracts.
- all affected businesses, as those have been determined until the present date, may benefit from the postponement of payment of assessed debt owed to tax authorities and social security funds.
- all affected businesses, as those have been determined until the present date, may benefit from the payment of reduced commercial lease in May. With regards to businesses that will commence operations in May, the said measure shall not apply for the subsequent months.
- a new scheme supporting employment, in the form of financial aid, will be introduced with the aim of boosting employees' income.
- the grant of a new State loan will be introduced and all businesses will be eligible to apply.

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