



## Voluntary Disclosure Program passed

The Greek parliament passed the long-awaited bill on the **Voluntary Disclosure Program (VDP)** on 21 December 2016.

The VDP sets forth the mechanism under which Greek taxpayers can report previously undeclared funds, irrespective of their nature, origin or year of realization. Significantly reduced additional taxes will be levied on taxpayers participating in the VDP, as compared to the additional taxes levied in the absence of the VDP (where taxes could reach 60% or even 120% of the main tax due in certain cases). Additionally, no further tax, administrative or criminal penalties or other measures will be imposed, including prosecution on money laundering regarding tax evasion.

Taxpayers may participate in the VDP by filing the relevant tax returns or statements starting from the date of publication of the VDP law (which has not yet taken place) until 31 May 2017.

The key features of the VDP are as follows:

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## Taxes covered

The VDP will apply to situations where a taxpayer failed to file or made a late or inaccurate filing of a tax return or statement, provided the original filing deadline was before 30 September 2016. The returns or statements can relate to the following:

- Any tax, duty or contribution included in the Code of Tax Procedures (e.g. income tax, gift tax, inheritance tax, VAT, real estate tax, special solidarity tax, etc.), regardless of whether the taxpayer had any tax liability; and
- Information/reporting returns.

## Tax obligations from participation in the VDP

### Main tax due

Where a taxpayer discloses previously unreported funds and files the relevant tax returns, the main tax due will be calculated based on the tax rate that applied in the year in which the funds should have been declared.

### Additional taxes

For funds declared and tax returns filed by 31 March 2017, additional tax will be calculated at a rate of 8% on the amount of the main tax due. For funds declared and tax returns filed during the period from 1 April 2017 through 31 May 2017, additional tax will be calculated at a rate of 10% on the amount of the main tax due.

The tax will be readjusted depending on the year in which the original tax return was due:

Reporting year	Re-adjustment rate
Up to 2001	25%
2002	23%
2003	20%
2004	16%
2005	15%
2006	12%
2007	10%
2008	6%
2009	5%
2010 onwards	0%

### Taxpayers under tax audit

Taxpayers that are currently under tax audit may participate in the VDP (but not if the audit has been closed). The additional taxes due will be assessed on the basis of increased rates (that

could range from 13% to 30% instead of the standard 8% and 10% rates set forth in the VDP law).

## Comments

When deciding whether to participate in the VDP, affected taxpayers should take into consideration the introduction of the Automatic Exchange of Information between the Greek tax authorities and authorities in other countries, as well as the possibility that the Wealth Registry, as introduced by virtue of Law 3842/2010, is finally enacted.

The Ministry of Finance is expected to issue interpretation guidelines relating to procedural matters required for the implementation of the VDP.



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