



New tax relief scheme for overdue tax debt

Law **4321/2015** that applies in Greece as from **21 March 2015** introduces a new installment settlement scheme for overdue taxes and tax debt assessed by the Greek tax authorities. Provided certain requirements are met, taxpayers will be granted full or partial relief from interest and penalties that otherwise would be due.

A circular issued by the Ministry of Finance on 7 April 2015 sets out the details for the implementation of the scheme (Circular POL. 1080/7.4.2015).

Under the new rules, taxpayers must make payment arrangements with the Greek tax authorities to settle certain

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types of debt, although other types of debt may be settled under the installment plan if a taxpayer so elects. Debt owed to the tax authorities is treated as follows:

Debt that must be settled under the scheme

Debt that is overdue before 1 March 2015, assessed by the Greek tax authorities and not otherwise settled (e.g. through a deferred payment or an installment payment arrangement) by 26 May 2015.

Debt that may be settled under the scheme

- Debt owed before 1 March 2015) that will be assessed by the Greek tax authorities by 26 May 2015 and has been administratively/judicially/legally suspended or settled or legally/judicially arranged for payment in installments.
- Debt (regardless of the due date) that will be assessed by the Greek tax authorities by 26 May 2015 following the taxpayer's waiver of its right to a judicial or an administrative appeal.
- Debt (regardless of the due date) that will be assessed by the Greek tax authorities by 26 May 2015, with respect to tax obligations incurred up through 31 December 2014.
- Debt (regardless of the due date) that will be assessed by the Greek tax authorities by 26 May 2015 and that has been confirmed in a tax audit and involves tax obligations incurred up through 31 December 2014, as well as any fines imposed for inaccurate filing of a tax return or failure to file a return according to the

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provisions of Tax Procedural Code. Debt arising as a result of the recovery of state aid granted through the creation of special tax-free reserves or other special provisions and debt arising from income tax returns for fiscal year 2014 are not subject to the settlement plan.

Procedure for opting into the scheme and payment

To participate in the settlement scheme, a taxpayer must submit an application for debt settlement to the tax authorities **by 26 May 2015**. Although the application must be submitted electronically, if there are technical problems with an online submission, the taxpayer may submit a hard copy to the relevant tax authorities.

By entering into a settlement scheme, the taxpayer has the option of paying the debt in a lump-sum, through installments with an initial installment payment or through installments without an initial installment. (In principle, the minimum amount of each installment will be EUR 20, although the amount may be reduced to EUR 10 in special circumstances.) Depending on the option chosen, the taxpayer may be relieved of interest and penalties that otherwise would be imposed on the tax debt:

- **Lump sum payment:** 100% exemption from interest and penalties.
- **Installment payments with an initial installment equal to at least 10 times the amount of the minimum installment payment:** An amount of interest and penalties equal to the initial installment will be waived, provided the taxpayer complies with the terms of the

installment settlement plan.

- **Installments without an initial installment payment:** The amount of the penalties and interest will be reduced from 30% to 90%, depending on the number of monthly installments.

Interest and penalties will be levied as follows: if the tax due is less than EUR 5,000, no interest will be charged, but if the tax due exceeds that amount, interest equal to 3% per annum will be charged. A surcharge of 0.25% per month will be levied in the event of a late payment of an installment.

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