



## New laws mitigate tax penalties

Two new laws, L.4509/17, which generally applies from 1 January 2018, and L.4512/18 that was enacted on 15 January 2018—amend Greece's Code of Tax Procedure with respect to interest and penalties imposed on tax assessments and taxes due with late submissions of tax returns. L.4509/17 provides for possible reduced penalties for accounting years up through 31 December 2013; however, L.4512/18 does not restrict the reduced penalties for particular years, so the measures apply to all years.

L.4512/18 also allows taxpayers to file income tax returns and/or pay overdue taxes with reduced penalties after being notified of a tax audit.

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### **L.4509/17**

L.4509/17 makes the following changes to the rules for calculating interest and penalties:

#### ***Tax assessments***

L.4509/17 allows taxpayers to opt to apply reduced rates of interest and penalties on tax assessments issued by the tax authorities for accounting periods up through 31 December 2013, instead of applying the penalties calculated under L.2523/97 (which normally would apply to tax periods prior to 2014), where the result is more beneficial for the taxpayer. Specifically:

Late payment situation	L.2523/97	L.4509/17
<b>Non submission of tax return (for all taxes, except VAT and withholding taxes)</b>	2.5% per month* on additional tax due, up to 120%	50% of additional tax due, plus interest of 0.73% per month of late payment from 1 January 2014 up to date of enforceable assessment
<b>Non submission of VAT or withholding tax return</b>	3.5% per month* on additional tax due, up to 120%	50% of additional tax due, plus interest of 0.73% per month of late payment from 1 January 2014 up to date of enforceable assessment
<b>Submission of inaccurate tax return (for all taxes except VAT and withholding taxes)</b>	2% per month* on additional tax due, up to 120%	10% - 50% of additional tax due (depending on the amount), plus interest of 0.73% per month of late payment from 1 January 2014 up to date of enforceable assessment
<b>Submission of inaccurate VAT or withholding tax return</b>	3% per month* on additional tax due, up to 120%	50% of additional tax due, plus interest of 0.73% per month of late payment from 1 January 2014 up to date of enforceable assessment

\*The penalty is calculated from the date the tax was originally due.

The new rules are effective for tax assessments for accounting years up through 31 December 2013 that are issued on or after 1 January 2018. The new rules also apply to cases for such years that are considered pending:

- Cases **pending** before the tax authorities, the Dispute Resolution Directorate (DRD) or the courts on 22 December 2017;
- Cases for which the **deadline** to file administrative or judicial recourse **has not expired**;
- Cases for which the tax audit assessment has been issued, but the taxpayer has **not been legally served/notified** of the assessment; or
- Cases that have been heard before a court, but for which a final, irrevocable decision has not been issued, or a revocable decision has been issued but the taxpayer has not been legally served.

Where the taxpayer does not wish to pursue a judicial or administrative recourse with the tax authorities, the benefits of the new law also may be applied provided that:

- The taxpayer submits to the head tax officer who issued the tax assessment **an irrevocable and unreserved declaration of acceptance** of the DRD decision or the court decision; and
- An irrevocable court decision has not yet been issued.

### **Late tax return submissions**

Taxpayers also may opt to apply reduced interest and penalty provisions under L.4509/17 (instead of the penalties calculated under L.2523/97) with respect to late submissions of tax returns (where no audit has commenced) for accounting periods up through 31 December 2013 for which a tax payment is due, where the revised provisions are more beneficial:

<b>Late return</b>	<b>L.2523/97</b>	<b>L.4509/17</b>
<b>Returns for all taxes except VAT and withholding taxes</b>	1% per month* on additional tax due, up to 60%	EUR 100 – EUR 500 (depending on the case), plus interest of 0.73% per month of late payment from 1 January 2014 up to date of enforceable assessment
<b>VAT and withholding tax returns</b>	1.5% per month* on additional tax due, up to 60%	EUR 100 – EUR 500 (depending on the case), plus interest of 0.73% per month of late payment as from 1 January 2014 up to date of enforceable assessment

\* The penalty is calculated from the date the tax was originally due.

### **L.4512/18**

L.4512/18 allows taxpayers to file a return and report taxes due for a tax year that is under audit by the tax authorities, with reduced penalties applying on late tax returns and tax payments for all years, in the following situations:

#### **Submission of late return**

Taxpayers now will be allowed to file a late tax return (i.e. the original return or an amended return) after being served notice of a tax audit for that tax year, provided the return is filed by the **date of the preliminary tax audit assessment** (previously, taxpayers were not allowed to file tax returns after being notified of the tax audit for that year). In this situation, a penalty of 50% of the unpaid tax is imposed. If, however, the full amount due is paid within 30 days, the penalty is reduced by **40%**. These rules do not apply to

returns for tax withheld from salary paid to employees (PAYEE).

### ***Taxpayer declaration of acceptance***

Taxpayers are entitled in case of preliminary or final tax audit assessments to reduced penalties on late payments of tax during an audit (after the issuance of a final tax assessment) by filing an irrevocable and unreserved declaration disclosing the liability and paying the tax due within 30 days from the date of notification of the audit. By filing the declaration, the taxpayer is entitled to a 40% reduction of the penalties otherwise due. This provision does not apply to PAYEE.

This provision also applies to cases that are pending before the DRD or a court or for which the deadline for filing for administrative or judicial recourse has not expired, or for which a final court decision has not been issued to the taxpayer, as of the date L.4512/18 is enacted and in effect (17 January 2018).

A ministerial circular is expected to be issued to further clarify the new provisions.



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