



Recent developments on tax audits

Greece's Independent Public Revenue Authority (IPRA) issued an interpretative circular (POL. 1073/2018) on 17 April 2018 that provides guidance on relevant deadlines and other matters relating to the requirement that the tax authorities notify taxpayers of a tax audit before commencing audit activities. The circular follows the recent amendments to the Tax Procedure Code (TPC) made under L.4512/2018 that allow taxpayers to file a late original or amended tax return after being notified of an audit.

Contact

Eftichia Piligou

Tax Partner

epiligou@deloitte.gr

Tel.: +30 210 6781294

Thomas Leventis

Tax Partner

tleventis@deloitte.gr

Tel.: +30 210 6781262

Background

L.4512/2018, which applies as from 1 January 2018, amended the TPC to allow taxpayers to file a late tax return (i.e. the original return or an amended return) after being served notice of a tax audit for the relevant tax year, provided the return is filed by the date of the notification 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).

Notice of tax audit

The tax authorities are required to serve notice of a tax audit on a taxpayer before the audit commences. The notice may be served electronically, via registered letter or by a court officer or a tax administration officer. In addition, the notice may be served at the tax office where the tax audit order was issued if the taxpayer consents. In all cases, the circular provides that the notice must be served within five business days after the tax audit order is issued.

The circular also requires that a notice of tax audit and audit information request issued under article 14 of the TPC disclose the taxpayer's right to file late tax returns by the date of the notification of the preliminary tax audit assessment, as well as the reduction of the relevant penalties on such late returns (50% of the main tax due) by 40%, if the full amount due is paid within 30 days.

Taxpayers that file a late tax return after the final tax audit assessment has been issued (i.e. a return relating to a different type of tax) will be subject to late filing penalties and interest on late payments, and to the possibility of an audit of that return.

Notice of tax audit following referral from DRD or administrative court

Where a tax audit order is issued following a decision of the DRD or an administrative court that refers the taxpayer's case back to the tax authorities for audit procedures to be repeated due to procedural violations, the circular requires such notice of tax audit to be served on the taxpayer within five business days after the tax audit order is issued.

Pending tax audit orders

Tax audit orders that have been issued but not yet notified to taxpayers as of the date the circular was issued, including audit information requests issued under article 14 of the TPC in the framework of these orders, must be served within 15 business days following the issuance of the circular, i.e. by 9 May 2018.

Other provisions

The circular also provides the following:

- In cases where the tax authorities are allowed to conduct an unannounced tax audit due to suspicion of tax evasion, the tax audit notice must be served on the taxpayer by the tax audit officer or officers at the time they enter the taxpayer's premises.
- Where audits are carried out in the tax authorities' offices, exceptions to the general notice rules may apply in special cases that are supported by a detailed opinion from the Head of the Audit Authority.

Comments

The guidance set out in the circular is a welcome development because it provides legal certainty and proper administration of tax audits. The guidance also fills a gap in the tax audit procedure where tax audits were initiated without proper notice.



Get in touch



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

Deloitte Certified Public Accountants S.A., Deloitte Business Solutions S.A., Deloitte Accounting Compliance & Reporting Services S.A. and Deloitte Alexander Competence Center Societe Anonyme of Business Consultants are the Greek member firms of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). "Deloitte Certified Public Accountants S.A." provides audit and risk advisory services, "Deloitte Business Solutions S.A." financial advisory, tax and consulting services and "Deloitte Accounting Compliance & Reporting Services S.A." accounting outsourcing services. "Deloitte Alexander Competence Center Societe Anonyme of Business Consultants" based in Thessaloniki is a center of innovation providing financial advisory, tax and consulting services. "Koimtzoglou-Leventis & Associates Law Partnership" ("KL Law Firm") is a Greek law partnership qualified to provide legal services and advice in Greece.

Deloitte provides audit, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018. For information, contact Deloitte Greece.

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.