



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.

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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.



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