



Supplementary guidance and clarification on the concept of income tax evasion crimes

Greece's Director of Independent Public Revenue Authority issued a decision (POL) 1209/2017 that contains supplementary guidance and clarifications regarding the concept of tax evasion in income taxation.

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Specifically, it is clarified that income tax evasion is committed restrictively in the event of concealment of taxable income. Consequently, there is no tax evasion in the case of mere assessment of non-tax deductible expenses if they are not linked with the concealment of taxable income. This rule also applies to transfer pricing (TP) adjustments. In order, therefore, for tax evasion to arise there should be concealment of taxable income, such as fictitious/non-existing expenses, etc.

Pursuant to the above, in cases where, based on the tax audits' findings, the income tax assessment is due to common non-tax deductible expenses, which are not linked with any concealment of taxable income, including TP adjustments, the tax administration will not file a criminal report against the tax payer, even if the amount assessed exceeds 100.000 euros.

The issuance of the new guidance gives a more concrete definition of income tax evasion crimes, which has been quite broadly interpreted up to now, resulting to initiation of penal proceedings even in cases of non-tax deductible expenses. As a result, the initiation of penal proceedings for income tax purposes is significantly restricted.



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