

# Tax - Breaking News

March 2020



Consistent with our commitment to keep you updated on the most significant developments, we outline below the most important measures announced for the relief and support of those economically affected from the new coronavirus pandemic (COVID -19):

According to Legislative Act 11.03.2020/2020, the Press Releases of 18 and 20 March 2020 and Legislative Act 20.03.2020/2020 that were issued after the above Press Releases, the following urgent measures were announced for the handling/dealing of the potential economic effects of the coronavirus spread (COVID -19) and the support of the economy and entrepreneurship:

### ***Reduced VAT rate for products necessary for the protection from COVID - 19***

The VAT rate is reduced to 6% (from 24%) on products like:

- masks and gloves
- antiseptic liquids, antiseptic wipes and similar products;
- soaps and similar healthcare products for personal hygiene;
- ethanol (alcohol) denatured, when it is to be used as raw material for the industrial production of antiseptic; and
- pure ethanol (alcohol) un-denatured, obtained from agricultural products, of an alcoholic strength of 95%, which is distributed bottled for retail sale;

The above reduced rate will be effective until the end of the year (i.e. until 31 December 2020).

### ***Reduced lease payments for commercial leases and primary residences as well as for financial leases***

- Enterprises, whose operation has been mandatorily suspended or temporarily interrupted based on special and extraordinary measures taken for precautionary or repressive purposes in relation to the coronavirus spread, shall be exempted from paying 40% of the total amount of rent due for the months of March and April 2020 for the commercial premises that they lease (i.e. they can pay only 60% of their rent, in derogation from the legal provisions on leases). Stamp duty and VAT shall be re-

calculated and remitted on the amount of rent that will result following the above partial payment.

- The above exemption shall also apply in cases of financial leases of movable or immovable assets intended exclusively to be used for business purposes by the above mentioned enterprises.
- Moreover, the above exemption shall also apply for residential leases that concern the primary residence of lessees who are employees of the above mentioned enterprises, on condition that the employment relationship was already in effect at the time the special and extraordinary measures for the suspension or temporary interruption of the enterprise's operation were imposed.
- **In the Press Release of 18 March 2020**, it was announced that as far as individuals, who are owners of the above mentioned real estate are concerned, (i.e. commercial premises leased to enterprises whose operation has been mandatorily interrupted/primary residences of employees), there will be a four (4) month suspension of payment of their tax obligations and of installments of outstanding taxes in case of settlement or payment facilitation (for the implementation of the above a further Ministerial Decision is expected to be issued).

### ***Acceleration of Income Tax and VAT refunds***

- On what concerns audits that are currently pending for the return of income tax and VAT to enterprises, the refund will take place immediately (subject to the statute of limitation provisions) on condition that the total amount of the pending refund claims does not exceed EUR 30 000 per type of taxation and per beneficiary of the refund. Pending audit cases are those where no preliminary tax assessment note has been issued yet.

### ***Extension of payment deadlines and suspension of collection***

- **In the Press Release of 18 March 2020**, it was announced that a four (4) month suspension of payment of tax obligations that refer to the month of March, without the imposition of penalties and/or interest for late payment, will be provided to enterprises of business sectors that are drastically affected because of COVID -19 (their main activity must be among the specific Activity Code Numbers announced by the Ministry of Finance), and in particular:
  - VAT amounts as assessed in VAT returns, due within March;
  - Tax liabilities of any type already assessed and due for payment to tax offices or Tax Audit Centers.
  - Installments of outstanding tax liabilities that are subject to any special settlement or payment facilitation process.
- In relation to the above, it was further defined by **Ministerial Decision A.1053/21.3.2020**, that for
  - enterprises (whose activity falls under the Activity Code Numbers stated in this Decision), and
  - employees of the above enterprises,the extension of payment deadlines for tax obligations, which were/are due in the period from 11 March 2020 until 30 April 2020, will be extended to 31 August 2020. Moreover, it is stipulated that the collection of assessed taxes that were outstanding on 11 March 2020, will be suspended until 31 August 2020 as well.
- The above reliefs shall apply on condition that the enterprises being granted the reliefs will retain the existing number of employees.
- Further Ministerial Decisions are expected to be issued in this respect.

### ***Freelancers and Individuals Entrepreneurs***

- **In the Press Release of 18 March 2020**, it was announced that compensation of EUR 800 will be payable in the beginning of April for all freelancers and self-employed that are drastically affected by the spread of coronavirus (and their activity is included in the Activity Code Numbers announced by the Ministry of Finance).
- **Also, in the same Press Release of 18 March 2020**, it was announced that there would be a suspension for four (4) months of all tax obligations, that are due in March, of freelancers and personal businesses operating in the above mentioned business sectors.
- For the implementation of the above announcements, further action is expected by the competent authorities.

### ***Unified Real Estate Ownership Tax (UREOT) and objective values***

- **In the 18 March 2020 Press Release**, it was announced that the reform in relation to the new real estate objective tax values will be suspended. UREOT of 2020 will be calculated based on the previous regime and the new objective tax values (that would be determined as a result of the above reform) will apply as of next year. Further relevant action is expected by the competent authorities in this respect.

### ***Customs provisions***

- In light of the measures implemented for the confrontation of the coronavirus spread, circular E. 2033/2020 provides guidance with regards to the procedures of import and export of goods into/outside the EU.
- In particular, it is stipulated that the physical presence of importers during the import procedure, carried out electronically through the ICISnet system, is limited only to cases of physical inspection of the imported goods.
- In this context, the above decision also provides for the minimization of the documents accompanying the underlying goods in physical form, to facilitate the relevant import and export procedures.

### ***Financing of Enterprises***

- **In the 18 March 2020 Press Release**, it was announced that a financing scheme will be implemented (by means of a returnable advance payment) with an extended repayment period and grace period, for all enterprises belonging in the sectors which are drastically affected by the coronavirus spread, on condition that said enterprises will retain the existing number of their employees.
- The level of financing to be received by each enterprise shall depend (among other) on the reduction of its turnover and its overall payroll and non-payroll related cost of its employees.
- For the implementation of the above announcements, further action is expected by the competent authorities.

### ***Contribution of the Banking System to the relief and support of persons that are economically affected***

- **In the 18 March 2020 Press Release**, it was announced that the Banks would suspend the payment of loan capital installments, for enterprises that are consistent with their payments, until September. This relief concerns legal entities that belong to business sectors drastically affected by the coronavirus spread.
- Banks and Loan Servicing companies should extend the above reliefs also to individuals that are economically affected by the coronavirus spread, by facilitating the payment of their loan installments (for performing loans).

- It was also announced that employees, free lancers and personal businesses, who will receive the special purpose compensation, will be provided with a three (3) month suspension of their loan installments.
- For the implementation of the above announcements, further action is expected by the competent authorities.

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This Newsletter aims to provide the reader with general information on the above-mentioned matters. No action should be taken without first obtaining professional advice specifically relating to the factual circumstances of each case.

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