

TAX BRIEFING: Monthly Insight

Recent Developments in Tax Legislation

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A. Decision E.2036/2021 Provides Clarification on the Export of Goods and Postal Items to the UK

1. By virtue of Decision E.2036/2021 the Independent Authority of Public Revenues clarifies that the movement of goods from Greece to the UK and vice versa is treated as a transaction between third countries.
2. For goods exported from Greece to the UK, customs declarations must be filed electronically with the competent customs office.
3. Businesses in Greece which conduct movement of goods to the UK must:
 - a. have an EORI number, ie the number for registration and identification of economic operators; and
 - b. have the necessary permits and certificates required for the export of goods to third countries.
4. The implementation of the Trade and Cooperation Agreement between the EU and the UK from 1 January 2021 abolishes all customs duties on products originating from each country when imported to the other.
5. Exports from the EU to the UK will not be subject to tariffs on condition that:

- a. the goods must originate in the EU;
 - b. the importer in the UK submits a request for preferential tariffs treatment; and
 - c. the goods are sent directly to the UK.
6. The sale of goods to the UK through the ordinary customs procedure for export (for goods with a value of more than €1,000) is exempt from VAT provided that:
 - a. an export declaration is submitted to the competent customs authority by the seller-exporter; and
 - b. the sales invoice is issued without VAT.

B. Circular ΔΔΘΕΚΑ Β 1009506 ΕΞ 2021 Provides Guidelines on the Trade and Cooperation Agreement Between the EU/European Atomic Energy Community and the UK

1. By virtue of Circular ΔΔΘΕΚΑ Β 1009506 ΕΞ 2021, the Independent Authority of Public Revenues provides guidelines on the provisions of the Trade and Cooperation Agreement between the EU/European Atomic Energy Community and the UK (Trade and Cooperation Agreement) in relation to the origin of goods.
2. By virtue of the Trade and Cooperation Agreement, no tariffs are imposed during import to one contracting party of the goods originating from the other party.
3. The concept of origin differs from the concept of provenance (ie the country from which goods are sent). The origin of goods is determined by the country where it is actually produced or manufactured, in accordance with the rules of origin of the respective preferential agreement.
4. The request for preferential tariff treatment submitted by the importer is based on:
 - a. a certificate of origin, issued by the exporter; or
 - b. the knowledge of the importer on the origin of the product.
5. The Register Exporters System-REX will produce a certificate of origin by exporters in the EU. In this respect, all exporters (producers or traders) in the EU must be registered with the REX system in order to issue the certificates of origin for goods exported to the UK with a value of more than €6,000.
6. The GB EORI number is used for the certificate of the identity of the exporter on the certificates of origin during

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export from the UK to the EU.

7. The method of verification of the product's origin and compliance with the other conditions stipulated in the Rules of Origin of the Trade and Cooperation Agreement depends on the basis of the request for preferential tariff treatment, whether based on the knowledge of the importer or a certificate of origin from the exporter.

C. Opinion No. 12/2021 of the Legal Council of the State Clarifies the Obligation of Non-Greek Tax Residents to Submit Source of Funds Declarations to the Greek State

1. Law 3213/2003 (the Law) provides for the obligation of certain individuals to submit source of funds declarations (Declarations) to the Greek State.
2. This obligation applies, amongst others, to the owners, partners, major shareholders, members of the Board of Directors and executives of Greek legal entities that execute public contracts, as well as individuals that:
 - a. reside for tax purposes in Greece; and
 - b. have one of the above positions in foreign companies that execute public contracts, as far as the object of the contracts exceeds the amount €150,000 per tender or €300,000 in the case of public projects.
3. By virtue of its Opinion 12/2021, the Legal Council of the State provides the following clarification on the provisions of the Law:
 - a. the Law exempts individuals who do not reside in Greece for tax purposes and are employed by foreign companies that conclude public contracts in Greece from the obligation to submit the Declaration; in this regard, individuals that are non-Greek tax residents are not obliged to submit Declarations to the Greek State even if they hold one of the positions detailed under paragraph 2 above;
 - b. this exception cannot apply by analogy to Greek companies that conclude public contracts; therefore foreigners with a permanent residence abroad working in Greek companies that enter into public contracts are obliged to submit statements;
 - c. Greek nationals who hold one of the above positions in foreign companies concluding public contracts and do

not reside for tax purposes in Greece are not obliged to submit such Declaration; and

- d. the terms 'partners', 'major shareholders' and 'management', referred to in the Law have the meaning set out in Article 2 of Law 3310/2005 on the transparency of public procurement.

D. Establishment of Family Offices in Greece Under a Special Tax Regime Under Law 4778/2021

1. By virtue of Law 4778/2021 the management of cash flows, investments and family assets of natural persons with a tax residence in Greece can be carried out by special purpose legal entities, the so-called family offices (Family Offices).
2. Internal transactions between a Family Office and the persons participating in it constitute transactions carried out within a single entity and are outside the scope of VAT.
3. The sole object of Family Offices is to provide support to the natural persons that reside for tax purposes in Greece and to their family members in the administration and management of their assets and investments, held either directly or indirectly through legal persons or entities.
4. Family members, as well as legal persons or entities in which the natural persons with a tax residence in Greece and/or members of their family participate, can participate in the special purpose companies.
5. In order for the Law to apply, the Family Office must:
 - a. employ at least 5 employees in Greece within 12 months from its establishment and onwards (the natural persons members of the Family Office cannot be employed by it); and
 - b. incur operating expenses of at least €1m per year in Greece.
6. The gross revenues from the services provided by Family Offices are determined by adding a percentage of profit to all their expenses and depreciations, except for income tax (ie the cost plus method) and their profit margin is 7%.
7. For the calculation of the taxable income of Family Offices, expenses are deductible on condition that are supported by the respective documentation.
8. Income tax is calculated at the ordinary corporate income tax rate (currently 24%).

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