

TAX BRIEFING: Monthly Insight

## Recent Developments in Tax Legislation

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### A. Customs Warehousing Procedure - VAT Suspension

1. Circular E.2063/2020 provides guidelines for placing goods under the Customs Warehousing Procedure (CWP) (status 07) for VAT purposes only. The CWP applies to:
  - a. goods under free circulation regime; and
  - b. domestic goods,for which the VAT payment will be suspended until their removal from it. However, it does not apply to goods subject to excise duty unless this has already been paid before storing the goods under the CWP.
2. The CWP is expected to facilitate and enhance transit trade, exports, the transfer of ownership free of VAT, the use of the CWP in combination with other customs arrangements and the regularization of cash flow.

### B. Withholding Tax on Bonds and Treasury Bills

1. Circular E. 2069/2020 clarifies that corporate and government bonds and treasury bills are exempted from withholding tax where:
  - a. a non-Greek legal entity does not have a permanent establishment in Greece; or
  - b. a non-Greek legal entity has a permanent establishment in Greece and any interest deriving from bonds or treasury bills is attributed solely to the non-Greek legal entity and not to its permanent establishment in Greece.

### C. Holding Companies - VAT Pro-Rata

1. Circular E.2064/2020 clarifies that holding companies with business activities are not obliged to apply the pro-rata mechanism for their common expenses on condition that the exempted activities are ancillary to the main holding activity.

### D. Decision A. 1101/2020 Provides Guidelines on the Completion and Submission of Annual Income Tax Returns for Legal Entities and Persons

1. The Director of the Independent Authority of Public Revenues (ΑΑΔΕ) issued Decision A.1101/2020 which provides guidelines on the completion and submission of annual tax returns by legal entities and persons.
2. The Decision also clarifies the documentation required for the submission of income tax returns.

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