

TAX BRIEFING: Monthly Insight

Law 4346/2015

Changes in the Tax Legislation

The Hellenic Parliament enacted Law 4346/2015 on 20th November 2015, which includes provisions for a VAT exemption for educational services, the extension of the deadline for filing the Source of Funds Declaration, an income tax exemption for uncollected lease payments, a special duty on games operated by the Greek Organisation of Football Prognostics (OPAP), the imposition of excise duties on wine, changes to road tax and changes to the settlement provisions available for debt to the State.

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A brief overview of the major amendments in the tax legislation is set out below.

A. Restoration of VAT Exemption for Educational Services

The Ministry of Finance restored the VAT exemption which applied to educational services and associated goods and services. VAT already paid by tax payers can be refunded, on the assumption that documents such as receipts or invoices are lodged evidencing the VAT paid. Schools which have already registered for an unexempt VAT status must file a declaration with the tax authorities in order to return to a VAT exempt status by 30 December 2015. Any penalties for non-compliance imposed since 20 July 2015 when VAT on educational services was introduced until the exemption was restored, are voided and refunded if already paid.

B. Deadline Extension for Filing the Source of Funds Declaration

The time limit for submission of the Source of Funds Declaration and the Declaration of Economic Interests for the year 2015 has been extended to 31 December 2015.

C. Tax Exemption for Uncollected Lease Payments

Under the new provisions, uncollected income accrued since

1 January 2015 from the leasing of real estate is not subject to income tax, provided that until the expiration of the time period for filing the annual income tax return:

1. a payment order for uncollected lease payments or court decision for termination of a lease or evacuation of a property has been issued; or
2. legal action claiming uncollected lease payments or evacuation of a property has been lodged with the Courts.

D. Special Duty on Games Operated by OPAP

As of 1 January 2016, a special duty on games operated by OPAP is imposed, equal to €0.05 per column on each gaming sheet. This is payable by players and passed on to the State by OPAP.

E. Imposition of Excise Duties on Wine

Excise duties are now introduced on sparkling and still wines at a rate of €20 per hectoliter of finished product. Certain exemptions apply to producers that do not produce wine commercially.

F. Changes in Road Tax

The new law provides for an increase in road tax for vehicles registered after 2006 and a decrease for older vehicles.

Hybrid vehicles with a cylinder capacity of up to 1.549c.c. which have been registered by 31 October 2010 are subject to road tax equal to 60% of the tax payable in respect of conventional vehicles. Special provisions apply for hybrid motorbikes, tricycles and vehicles sold by the Greek State. The new provisions apply to the 2016 road tax onwards. The tables below show the applicable rates:

First Registration in Greece before 2000	
Cylinder Capacity (in c.c.)	Annual Road Tax (in €)
up to 300	22
301 - 785	55
786 - 1071	120
1072 - 1357	135
1358 - 1548	225
1549 - 1738	250
1739 - 1928	280
1929 - 2357	615
2358 - 3000	820
3001 - 4000	1.025
4001 and above	1.230

First Registration in Greece between 2001 and 2005	
Cylinder Capacity (in c.c.)	Annual Road Tax (in €)
up to 300	22
301 - 785	55
786 - 1071	120
1072 - 1357	135
1358 - 1548	240
1549 - 1738	265
1739 - 1928	300
1929 - 2357	630
2358 - 3000	840
3001 - 4000	1.050
4001 and above	1.260

First Registration in Greece from 2006 onwards	
Cylinder Capacity (in c.c.)	Annual Road Tax (in €)
up to 300	22
301 - 785	55
786 - 1071	120
1072 - 1357	135
1358 - 1548	255
1549 - 1738	280
1739 - 1928	320
1929 - 2357	690
2358 - 3000	920
3001 - 4000	1.150
4001 and above	1.380

First Registration from 1 November 2010 onwards based on CO ₂ emissions	
Range of CO ₂ Emissions	Annual Road Tax per gr of CO ₂ Emissions (in €)
0 - 90	0
91 - 100	0,90
101 - 120	0,98
121 - 140	1,20
141 - 160	1,85
161 - 180	2,45
181 - 200	2,78
201 - 250	3,05
above 251	3,72

**G. Changes to the Settlement Provisions
Available for Debt to the State
or Local Authorities**

Law 4346/2015 provides for changes to the provisions for settlement of amounts owed to the State or Local Authorities in cases of failure to pay further debts accrued after the settlement date and due after 15 December 2015.

1. As of 1 January 2018, settlements of payments of accrued tax are voided in cases of failure to pay an installment of new debt on time.
2. For the years up to 31 December 2017, settlements remain in force if the debtor executes the new debt payments within:
 - a. for debt due between 15 December 2015 and 30 June 2016, 30 days of the date the new debt is due; or
 - b. for debt due between 1 July 2016 and 31 December 2017, 15 days of the date the new debt is due.
3. Where, between 1 January and 31 December 2017, a tax payer defaults on new debt, before 6 months have elapsed from the previous default, any settlement reached is voided.
4. Settlements under Law 4321/2015 are not voided in cases where payments of the new debt have been suspended or settled following an application filed by the debtor before the new debt becomes due.
5. If the total amount of debt (new and settled) exceeds €50,000, the settlement of new debt is granted only if the tax payer evidences financial inability to pay within the specified time limit.