

TAX BRIEFING: Special Edition - Vol.5

## Recent Developments in Tax Legislation: Urgent Measures Relating to the Covid-19 Pandemic

This Briefing provides an overview of the recent act of legislative content dated 13 April 2020 introducing new tax measures arising out of Covid-19

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The Act of Legislative Content published on 13 April 2020 introduces new measures in an effort to mitigate the impact of the Covid-19 crisis. Among the adopted measures the following two main tax provisions are included.

#### **A. 25% Discount of VAT Against Other Tax Liabilities**

1. Legal Entities whose:
  - a. operations have been suspended by law; or
  - b. main or secondary activity is included in the list of the Code Activity Numbers issued and updated by the Ministry of Finance as a result of Covid-19 (please see our tax briefing Vol. 3), are entitled to a 25% discount on established tax debts and settled tax debts on condition that the VAT due for March 2020 shall be fully paid by 30 April 2020. The discount will be effected against payments due after 1 May 2020.
2. Legal entities keeping double-entry books are entitled to this deduction on condition that the VAT for February 2020 has been fully paid. This

restriction does not apply to legal entities the operation of which was suspended before 26 March 2020.

#### **B. Retroactive Amendment of Business Activity Code (KAD)**

1. The retroactive amendment of the main business activity code (KAD) registered from 23 March 2020 until 24 April 2020 and related to the period on or before 20 March 2020, is accepted by tax authorities on condition that:
  - a. the new main business activity code has been registered with the tax authorities as a secondary code before 20 March 2020; and
  - b. the gross revenues of the 2019 tax year attributed to the secondary code exceed those of the main code for the same tax year.
2. In cases of an inaccurate change of the main code, apart from the sanctions provided for in the Code of Tax Procedure (Law 4174/2013), the following will also apply:
  - a. tax benefits related to deductions or set-offs will be waived and the respective legal entity will have to refund the related savings plus interest to the State;
  - b. a fine equal to 10% calculated on the gross revenues of the 2019 tax year shall be

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imposed, which may not be less than €10,000;  
and

- c. a fine double the amount of the financial aid that each employee of a legal entity collected

in the form of special purpose compensation shall be imposed.

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