

Tax Flash

December 2021

New EU rules in relation to VAT rates and expected impact in Greece

On 7.12.2021, the Economic and Financial Affairs Council (Ecofin) reached an agreement on a proposal for a Council Directive aiming to provide more flexibility to EU member states in the setting of VAT rates, while at the same time ensuring that the application of reduced rates is in line with EU policies in the fields of health protection, green economy, public interest, and digital transition. The respective rules are expected to apply from 1 January 2025.

Indicatively, the new rules provide an option to apply reduced VAT rates on goods intending at health protection (e.g., medical equipment, protective gear, health protection masks, etc.), fighting climate change (e.g. solar panels, specific heating systems) and services supporting digitalization (e.g. internet access services); Furthermore, the new rules provide for the option to apply reduced VAT rates to the supply and construction, as well as the renovation and repair of housing.

It is also noted that, for a limited number of goods and services and under conditions, the application of a reduced rate lower than 5% and an exemption with a right to deduct input VAT shall also be possible.

As regards Greece in particular, a possibility to apply reduced VAT rates up to 30 % in the departments of Lesbos, Chios, Samos, the Dodecanese, the Cyclades, Thassos, Northern Sporades, Samothrace and Skiros is introduced.

As a last note, as confirmed (on an oral basis) by the Ministry of Finance, it has been agreed at Ministerial level at the Ecofin that the measure of VAT suspension on real property will be extended up to the end of 2024. A relevant press release is expected to come out.

www.pwc.gr

This information is intended only as a general update for interested persons and should not be used as a basis for decision making. For further details please contact PwC: 268, Kifissias Avenue 15232 Halandri tel. +30 2106874400

© 2021 PricewaterhouseCoopers Business Solutions AE. All rights reserved. PwC refers to the Greece member firm and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.