

Tax Flash

December 2020

New legal framework affecting excise products

Law 4758/2020, which was published in the Government Gazette on 4/12/2020, introduces a number of significant measures affecting excise products, such as fuel, tobacco and alcohol. The relevant objectives of the new law are twofold: to relief businesses from the burden of taxes payable on consumption, in view of the impact of COVID-19 pandemic and to tackle smuggling. Some of the key areas of interest are briefly outlined below:

A. Tax suspension and relief measures

Petroleum products and liquefied petroleum gas (LPG)

Excise duty declarations can be filed by the 19th day that follows the release of the products for consumption in Greece and the payment of the corresponding taxes (i.e. excise duty, VAT and other taxes associated with the consumption of the relevant products) can be suspended up to the 20th day of the month of filing of the respective excise duty declaration. The relevant measure is applicable from 4/12/2020 until 30/4/2021 and is subject to the submission of a relevant guarantee by the interested businesses (authorized warehouse keepers).

Ethyl alcohol

A new excise duty exemption is introduced for ethyl alcohol that is used at every stage of the production of pharmaceutical products for human and veterinary use. The measure is applicable as of 4/12/2020.

B. Measures to combat smuggling

Measures relating to alcoholic products

A new e-registry for businesses involved in the import, purchase from other EU member states, production, processing and wholesales of alcoholic beverages and a new electronic identification system of alcoholic beverages are being introduced with the Independent Authority of Public Revenues ("IAPR"). Registration of the aforementioned businesses and alcoholic beverages in such registers will be obligatory.

The above measures are not yet in force. A relevant joint decision of the Minister of Finance and the Head of IAPR is expected to this end.

Measures relating to petroleum products

The following measures are introduced:

- A new e-registry is introduced with IAPR, where the tanks for storage of energy products (either taxed or under tax suspension) should be registered.
- In case oil trading companies are found to hold, sell or distribute contaminated fuel, they may have to cease operations for a period up to 90 days.
- The obligation to maintain an online reporting system for products that enter and exit a customs or tax warehouse, which already applies to liquid fuel, is extended to LPG and relevant penalties are introduced in case of non-compliance.
- The obligation for colouring/marketing of liquid fuel is extended to LPG.
- New administrative penalties ranging between EUR 5,000 and 1,500,000 are introduced for trucks and boats that are not equipped with a GPS system and are used for the fueling of vessels.

Measures relating to tobacco products

The following measures are introduced:

- The processing, intermediation, possession and wholesale of tobacco and tobacco paper, as well as the equipment used for the production of manufactured tobacco products are added in the list of activities that are subject to a license/approval by the competent Customs authority and shall also be recorded in the Registry of the supply chain of tobacco maintained through the electronic platform of Greek customs ("ICIS net"). The relevant measures will enter in force following a relevant joint decision of the Minister of Finance and the Head of IAPR.
- New rules are introduced for the determination of the taxable basis for VAT in certain cases of customs cleared tobacco products where no Retail Selling Price has been defined (e.g. in cases of smuggling, supply of tobacco for market research purposes etc.). Namely, the "Weighted Average Retail Selling Price" of the respective tobacco products, in accordance with the tax records available at 1 of January of each year is used to this end.
- The new law ratifies the Protocol for the Elimination of Illicit Trade in Tobacco Products of the WHO Framework Convention on Tobacco Control. Details for the implementation of the Protocol will be defined by a relevant Decision of the Minister of Finance.

Smuggling penalties

The new law increases the minimum limits of the criminal sanctions for smuggling in case the relevant infringement is a misdemeanor (imprisonment of at least 2 years) or a felony (imprisonment of at least 10 years).

It is important to note that each individual case needs to be examined based on its own merits, and that the above-mentioned general principles might not necessarily capture all possible eventualities. Our expert advisors are in a position to advise you on the implications arising from a Greek perspective in relation to your specific case.

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. +30 210 6874400

© 2020 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.