



Tax

Flash

## April 2023

With Circular E.2023/2023, the Independent Authority of Public Revenues (“IAPR”) has eventually shed light on the income tax treatment of VAT corresponding to rebates refunded to pharmaceutical companies, in cases where such VAT had been deducted for income tax purposes in previous fiscal years. Furthermore, the Hellenic Accounting and Auditing Standards Oversight Board (“HAASOB”) issued guidelines in relation to the relevant accounting treatment of the refunded VAT amounts, adopting the same principles with IAPR.

In a nutshell, the key takeaways of the above guidelines could be summarized as follows:

- The refunded amount of VAT on rebates, which has been deducted from companies’ gross revenues in previous fiscal years, will be treated as revenue for income tax purposes in the year in which the refund of the said VAT amount becomes certain (e.g., when the relevant court judgment comes out, or when the decision of the Dispute Resolution Unit or of the competent Tax Office is issued).
- The refunded VAT amounts should also be recognized and reported in the accounting books as extraordinary revenues/profits during the same period.

## Let's talk

For a deeper discussion on the rebates, please contact:



**Hara Strati**

Senior Manager, Indirect Tax Lead,  
PwC Greece

**T** : +30 210 687 4400

**M**: +30 694 149 3492

**E** : [hara.strati@pwc.com](mailto:hara.strati@pwc.com)

[www.pwc.gr](http://www.pwc.gr)

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