



Tax

Flash

February 2023

A draft bill has been recently submitted to the Greek Parliament introducing, inter alia, amendments to income taxation and VAT legislation. In particular:

Income taxation new provisions

Capital gains tax on the contribution of securities

No capital gains tax is imposed at the time of the contribution of domestic or foreign securities to a domestic or foreign company/entity for the purpose of covering or increasing capital in exchange for securities of the recipient, provided that the contributor is an individual and the sole shareholder of the recipient. The obligation is deferred to the time of transfer of the new securities by the transferor, in which case the original value of the securities transferred will be taken as the acquisition value.

Conditions of application

As a prerequisite, the recipient must be established in a tax-cooperative state and not necessarily in a member state of the European Union (as is the case of the exchange of securities under Article 53 of the Greek Income Tax Code). Another prerequisite is the scope of its business, which is limited to the exercise of commercial, production, agricultural activity or the provision of services, including investment services.

Finally, it is explicitly stated that from the tax year 2023 onwards, the above-mentioned contribution of securities is not considered a "business transaction" for income tax purposes.



Amendments to the VAT legislation

Amendment to the process under which commercial leases may be subject to VAT

Current provisions

Commercial leases may be subject to VAT upon filing of a relevant application either before the first use of the property or later on, however within 30 days from the commencement of the fiscal year, in which case the effective date of the lease shall be the commencement of the fiscal year.

New provisions

Applications may be filed without any time limitation, even after the first use of the immovable property. However, in that case, the effective date of the lease shall be the commencement of the next taxable period (month or trimester).

Abolition of the obligation to notify the tax office in case of volume discounts

Current provisions

Volume discounts must be notified to the competent tax office at least 4 months prior to the application of the discounts, in order to be deducted by the taxable basis of VAT.

New provisions

The above obligation is abolished.

Amendment to the conditions for the qualification of immovable property owned by a third party as capital goods

Current provisions

In order for immovable property owned by a third party to qualify as capital goods of a business, the latter should have the right to use such property for a period of at least 9 years

New provisions

The requirement to have the right to use immovable property owned by a third party for a period of at least 9 years is abolished. However it is still required to have a relevant legal relationship with the owner, allowing the use of the relevant property.



Entry in force and impact of the new VAT provisions

The new provisions are expected to enter in force from the official publication of the law in the Government Gazette.

The amendments are expected to have a positive impact on businesses, by relieving them from procedural and time restrictions relating to the application of VAT on commercial leases and the recognition of volume discounts for VAT purposes.

Further, the abolition of the requirement to have the right to use immovable property owned by a third party for at least 9 years in order for such property to qualify as capital goods, is expected to simplify the recovery of VAT incurred for expenses relating to construction or improvement work on such property.

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