

## Greek Government enacts extended legal remedies against defective tax assessments and introduces incentives for e-invoices

New Law 4701/2020, which was promulgated on 30.06.2020 on the Government's Gazette, provides to taxpayers a renewed opportunity, including the use of the relevant legal remedies, to: (i) challenge, for certain reasons, defective tax assessments, even when the statutory deadline to do so has passed. This is limited to tax assessments issued in 2019 onwards; (ii) question, on the basis of the new wording of the relevant law provision, their joint liability for tax or social security debts of the company in which they serve or have served as its legal representatives. Furthermore it introduces tax incentives for assigning to licensed providers the issue of e-invoices. In addition, it extends to the end of 2020 the possibility for constructors to request the suspension from the VAT regime of their supplies of new buildings (i.e. buildings with a construction permit issued in 2006 onwards and supplied before their first occupation). Finally, it extends to 2020 the application of the discount from the real estate ownership, which was originally applied for 2019 only, and the exclusion of the value of plots of land located outside the urban planning zones from the basis of calculation of the same tax, as it had been the case until 2019.

More specifically:

### A. New legal remedies against defective tax assessments

The new law provides to taxpayers a renewed opportunity to challenge defective tax assessments, despite of not appealing against them within the statutory deadline (i.e. in general within 30 days from their notification). This opportunity is limited to tax assessment notices issued in 2020 onwards. Moreover, the same opportunity is provided to taxpayers in respect of tax assessment notices which were issued in 2019, provided the taxpayer files until 31 July 2020 a relevant request to the tax office for the annulment or modification of its tax assessment. For tax assessment notices issued from 01.01.2020 onwards, the relevant request must be made within 3 years from the notification of the tax assessment notice. Against the tax office's rejection of the request, the taxpayer can file, within the statutory deadline (i.e. in general 30 days), an administrative appeal to the Dispute Resolution Directorate and eventually a court appeal.

Pursuant to the law, this new remedy opportunity is made available in respect of any of the following reasons:

- Obvious absence of tax obligation,
- Numerical or calculation error.

No definition is included in the law of what is recognized or not recognized as: "obvious absence of tax obligation". Nevertheless, in our opinion, taxpayers should try to make use of this new remedy opportunity, i.e. to request from the tax office the annulment or modification of a tax assessment imposed upon them in 2019 or later, to the extent they have valid reasons to believe that it is not valid or exceeds the lawfully justified amount. They can decide after receiving the tax office's reply if it is worth pursuing their case further, by means of an administrative appeal and a court appeal. In addition, for assessments notified in 2019, they should hurry and file the annulment or modification requests no later than 31.07.2020, which, according to the new law, is the expiration date for requests relating to tax assessments notified in 2019.

### **B. Extension of the deadline for objecting against the joint liability for the company's tax debts and introduction of the same possibility for the company's social security debts**

Law 4646/2019, which was enacted in December 2019, rationalized the rules governing the joint liability of managing directors and legal representatives for the company's tax debts (please refer to our tax alert of December 2019: <https://ktl.gr/wp-content/uploads/2019/12/December-2019-Tax-Alert.pdf>, in pages 10-11). Same law provided the possibility to apply within 3 months from its publication (which was prolonged to June 12, 2020 with various COVID 19 related Emergency Acts) to the relevant tax office, so that the joint liability for pre-existing tax debts be re-examined in the light of these new rules, which essentially require that there exists culpability of the managing director or other legal representative of the company against whom the collection of the company's tax debt is pursued (thereby abolishing the objective joint liability due to the executive

position held by that person, during a certain period of time, in the company).

By contrast, the same possibility to apply, under the new joint liability rules, was not provided in respect of pre-existing social security related debts.

The new law extends to 31.12.2020 the possibility to apply to be considered under the new joint liability rules, regarding tax debts of the company existing from before the enactment of law 4646/2019 last December (including those already contested at court). Moreover, same possibility is now provided with regards to pre-existing social security related debts of the company.

### **C. Incentives for e-invoices**

The new law provides to entrepreneurs the following incentives for assigning to a licensed provider the issue of e-invoices for their business transactions:

- The statute of limitations of the power of the tax authority to issue tax assessment notices is reduced by 2 years;
- The time frame of processing any tax refund requests and making any relevant refund is reduced from 90 days to 45 days;
- The expenditure incurred for procuring the infrastructure and software required for enabling the application of the e-invoicing is fully amortized for tax purposes in the year it was incurred, increased by 100%;
- The expenses for the issue, transmission and recording of the e-invoices shall be deducted for tax purposes at 200% of the relevant expense.

The first two incentives shall remain in place for each and every year in which the

entrepreneur chooses to assign to a licensed provider the issue of e-invoices, thereby enabling the direct transmission of transaction data to the tax authorities, and starting from tax year 2020 until and throughout tax year 2022. The relevant option (i.e. issue of e-invoices through a licensed provider) must be exercised until the end of the previous tax year. Especially for 2020, the relevant option must be exercised within 2 months from the moment the obligation of transmitting the accounting records to the relevant digital platform of the tax administration, namely: to myDATA, becomes effective (i.e. by September 20, 2020, considering it becomes effective on July 20, 2020).

The last two incentives are provided for the first year only in which the entrepreneur chooses for any of the years 2020-2022 to assign to a licensed provider the issue of e-invoices.

*- The right to request suspension from the application of the VAT regime for the supplies of new (i.e. before first occupation) buildings constructed with a construction permit issued from 2006 until 30.06. 2020 is prolonged to 31.12.2020; for construction permits issued from 01.07.2020 until 2022 the relevant option can be exercised, as before, within 6 months from the issue of the construction permit .*

*- The year 2019 discount provided on the real estate ownership tax liability of individual and ranging between 30%-10% of this tax (i.e. 20% when the aggregate value of the real estate properties owned ranges between €80,001 to 1,000,000) is extended to 2020; The exclusion from the basis of the real estate ownership tax calculation of plots of land located outside the urban planning zones is extended to 2020.*

#### **D. Other important tax provisions introduced:**

### **About KARAKITIS TAX & LAW**

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