



# Tax Law Newsletter

*January 2018*

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**Tax Provisions of L. 4512/2018**



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## *Tax Provisions of L. 4512/2018*

### *Introduction*

L. 4512/2018, gazetted on January 17<sup>th</sup>, 2018, introduces the following tax provisions:

#### *A. Favorable penalties for pending tax cases*

Reduction of 40% on the final amount of penalties due which may take place in the following cases:

- In case that a final tax assessment has been issued but has not been notified to the taxpayer until 17.01.2018 (date of publication of L. 4512/2018) and
- In case that a preliminary tax assessment has been notified to the taxpayer until 17.01.2018 (date of publication of L. 4512/2018) and the final tax assessment is to be issued. In both such cases the taxpayer has to accept the relevant tax assessment and pay the amount due.

The above apply also to pending cases before the Dispute Resolution Directorate, the administrative courts or the Council of State.

#### *B. Submission of tax returns after the notification of the tax audit order and favorable penalties*

The taxpayer may now file initial or amending tax returns even after the notification of the tax audit order and up to the notification of the preliminary tax assessment (previously up to issuance of the tax audit order).

As regards tax returns filed before the notification of the tax audit order to the taxpayer, the flat rate fines (100, 250, 500 Euros) plus annual interest (8,76%) of the Tax Procedure Code (TPC) apply.

As regards tax returns filed after the notification of the tax audit order, such returns may not be filed under reservation and the penalties applicable are as follows:

- For late tax returns filed for tax obligations as of 1.1.2014, a penalty ranging between 10% to 50% on the amount of tax due applies plus annual interest of 8.76% calculated as of 1.1.2014 until the enforceable title is issued.



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- For late tax returns filed for tax obligations prior to 31.12.2013, the more favorable penalties apply following comparison of the penalties calculated under the previously applicable L. 2523/1997 and the penalties calculated under the TPC (penalty ranging between 10% to 50% on the amount of tax due plus annual interest of 8.76% calculated as of 1.1.2014 until the enforceable title is issued).

Upon payment of the amount due within thirty (30) days from the assessment, the final amount of penalties due is reduced by 40%. Such reduction does not apply to payroll withholding tax. Any amounts already paid in such cases cannot be refunded.

### *C. Tax incentive provisions*

According to the new law, tax incentive provisions with regard to the capitalization of tax - free reserves are codified into the Income Tax Code and may apply until 31.12.2020, whereas the relevant tax rates are increased (from 5% to 10% for year 2019 and to 20% for year 2020 for listed sociétés anonymes and from 10% to 20% for year 2020 for non-listed sociétés anonymes and limited liability companies). Moreover, the new law introduced the application of such tax incentive provisions for non-listed sociétés anonymes and limited liability companies to reserves formed out of capital gains from sales of securities according to article 10 par. 4 of L.148/1967, which until now did not qualify for the incentive.

### *D. Provisions against tax evasion*

#### ➤ *Suspension / deactivation of Tax Registration Number (TRN)*

Tax authorities have the right to suspend the use or deactivate the TRN of any taxpayer, in case of evidence that such taxpayer has ceased his financial activity or commits tax evasion or has provided the tax authorities with false information in order to obtain the TRN. The taxpayer has the right to dispute such decision.

#### ➤ *Obligatory payment of guarantee for the performance of intra-community transactions*

The new law provides for the obligatory payment of a guarantee (min. 15,000.00 Euros depending on the specific circumstances of each case) by individuals whose TRN was suspended during the performance of previous business activity and who wish to perform for the first time intra-community transactions.

The same applies to legal entities who wish to perform for the first time intra-community transactions and their partner(s), BoD member(s) or shareholder(s) were the previous five (5) years BoD member(s), legal representative(s) or related with individuals or legal entities whose TRN was suspended or performed their own business activity and their TRN was suspended.



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### *E. New public agency to battle financial crime*

A new public agency, namely the Directorate for the Investigation of Financial and Economic Crime, is established in the Ministry of Finance. The mission of the Directorate is the investigation of tax crimes and related economic crimes following the orders of the Prosecutor of Financial and Economic Crime. The tax audit of the relevant cases remains in the jurisdiction of the Independent Authority for Public Revenue (IAPR). The activities of the Directorate and IAPR will be supported-coordinated by an interdepartmental body aiming at their cooperation. Cases forwarded to IAPR by the Directorate will be treated with priority according to specific deadlines.

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*The present newsletter contains general information only and is not intended to provide specific professional advice or services.*

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