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TAX PRACTICE

Covid-19: New tax measures adopted by Law 4690/2020

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The measures introduced by the Legislative Acts of 13.04.2020 and 01.05.2020 in relation to the COVID-19 outbreak were ratified by Law 4690/2020 which was published on the Government Gazette A' 104/30.05.2020. Also, a number of additional measures have been introduced by the Greek Government through the new Law, the most important of which are the following:

1. Extension of the 25% discount for timely payment of assessed tax liabilities and installments of assessed liabilities as a result of a settlement, with payment date within May 2020.

Said tax benefit is granted to affected enterprises or enterprises that have suspended their operation following a State's decision as well as to employees of said enterprises and to individuals that have rented real estate properties to affected enterprises. In addition, such discount applies also on installments for tax liabilities (including VAT and withholding taxes) under a settlement scheme.

By virtue of the Ministerial Decision 1126/2020 the deadlines for the timely payment of the assessed tax liabilities of May 2020 have been extended until 15.06.2020.

Also, based on a draft law which has been submitted to the Parliament, the 25% discount will be extended also for timely payments of June 2020.

2. Extension of the rent reduction (at a rate of 40%) for business premises and main residences for May and June 2020.

The rent reduction is granted to affected enterprises or enterprises that have suspended their operation following a State's decision for their business premises as well as to the employees of affected enterprises whose employment contract has been suspended, in which case the rent reduction is applicable to the rent of their main residence or the residence of their dependents (under conditions).

Also, in case of leasing of movable or immovable property by an affected

enterprise in the context of financial leasing and said property is used exclusively for its business activity, there is an extension on the repayment of an amount corresponding to 40% of the lease fee in 12 installments (in case of immovable property) and in 6 installments (in case of movable property).

By virtue of the Ministerial Decision 1135/2020, the application of the reduced rent by 40% has been extended until June 2020 for business premises of affected enterprises.

3. Support measures for lessors from the partial collection of leases by order of law in the context of tackling the effects of the Covid-19.

The rent not received due to the 40% rent deduction does not constitute income at the level of the lessor and therefore it is not subject to income tax and special solidarity levy under Article 43A of the Income Tax Code. In addition, the new Law provides for the right of the lessors who received reduced rents during the last months to set-off an amount equal to 20% out of the 60% of the rents of the last months (calculated on the amount of the rent before the reduction) against future tax liabilities with payment date from 31.07.2020 onwards. Such regime does not include the debts from installments, debts in favor of a foreign state and debts from recovery of state aid.

4. Extension until 25/06/2020 of deadlines for payment of tax charges imposed on coffee products.

Such measure relates to collection of the VAT and the Excise Duty assessed by the customs authorities on the coffee products which came out of a tax warehouse in April 2020.

The deadlines for the collection of the VAT and the Excise Duty imposed on coffee products are also extended by ten days for the cases where the assessment and collection obligation occurs until the 5th/06/2020.

5. VAT Rate Reduction on several goods and services.

The new Law provides for the reduction of the VAT rate from 24% to 13% and 6% for the period 1 June to 31 October 2020 in the following goods and services:

The tax rate on non-alcoholic beverages without addition of alcohol in any ratio and sparkling drinks is set at thirteen percent (13%).

- The tax rate for the exploitation of cafes, coffee shops, confectioneries, restaurants, grills, wineries and other related businesses, except for entertainment halls, with the exception of the distribution of alcoholic beverages in any proportion is set at thirteen percent (13%).

- The tax rate on transportation of persons and their luggage is set at thirteen percent (13%).
- The tax rate on cinema tickets, tickets for theatrical performances and concerts is set at six percent (6%).

6. Suspension of the payment of assessed tax liabilities and installments & 25% set-off in case of timely payments.

Said tax benefit is granted to individuals/lessors who lease real estate property to affected enterprises or their employees and received reduced rent for March, April and May 2020.

In particular, the suspension is provided until 30.08.2020 for those who received reduced rent in March and April and with debts expiring within the same months. Further, for those who received reduced rent in May and with debts expiring within the same month the suspension is provided until 30/09/2020. Similarly, the suspension is provided until 30/10/2020, for those who received reduced rent in June and with debts expiring within the same month. Interest and late payment surcharges are not calculated for the period of suspension.

Finally, the Law provides for a 25% set-off of the tax debts paid on time by the lessors from 11/03/2020 until 30/05/2020 or to be paid on time against other certified tax liabilities and installments of

assessed liabilities as a result of a settlement, with payment date from 31/07/2020 onwards.

By virtue of the Ministerial Decision 1126/2020, the deadline for the timely payment of the assessed tax liabilities of 30.05.2020 has been extended until 15.06.2020.

7. Suspension of expiration, presentation and payment deadlines of cheques of tourism enterprises.

The deadlines for the expiration, presentation and payment of cheques due by affected enterprises of the tourism sector are suspended for another 60 days (further to the initial suspension of deadline granted by virtue of Article 2 of Legislative Act of 30.03.2020).

Also, an extension of the deadline for the payment of assessed tax debts stemming from VAT returns until 30/09/2020 is granted to non-tourism enterprises that bear suspended cheques if their total value is greater than 20% of their average monthly turnover in the immediately preceding tax year. Similarly, the deadline for payment of assessed tax debts as well as tax debt installments or partial repayment scheme installments is also suspended up until 30.09.2020. No late payment interest or surcharges are calculated during the suspension period.

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