

## Tax Alert

# New tax measures to combat financial crisis ratified by the Parliament



The Parliament ratified on 5 March 2010 the recently communicated Bill, which included the tax measures adopted to combat the financial crisis.

In particular, the new measures include:

### Value Added Tax

- Greek VAT rates are increased as follows:
  - From 19% to **21%**
  - From 9% to **10%** and
  - From 4.5% to **5%**.
- The new reduced rates applicable in the Aegean islands, will amount to **4%, 7% and 15%** accordingly.
- The new rates will be applicable as from **15 March 2010**, with the exception of industrial tobacco products, for which the increased rates apply as from **4 March 2010**.
- Therefore, for any tax record issued, according to the provisions of the Code of Books and Records, after **15 March 2010**, the VAT due will be computed on the basis of the new rates, irrespective if the transactions took place before that date.
- For credit invoices issued as from 15 March 2010 and refer to transactions that took place before that date, the VAT will be computed on the basis of the new increased rates. On the other hand, the rates applied in the initial transaction will be used for the Special Annulment Record, provided in Article 23 para. 2 case e' of the Code of Books and Records.

### Individual Income Tax

- A new special contribution (at 1%) is imposed on individuals, whose net reported income (taxable

& exempt, actual or imputed) for **2009 (financial year 2010)** exceeded €100,000.

- The final wording of the law is different from the original one, which referred to the financial year 2009 (1.1.2008 – 31.12.2008).

### Excise duties

- The excise duties on tobacco, alcoholic and oil products are increased; the said increases are effective as from, **4 March 2010**.
- The excise duty imposed on electricity will be applicable as from **2 May 2010**.

### Special luxury tax

- A special luxury tax ranging from **10% to 30%** is imposed on new passenger cars of specific tariffs and types, whose wholesale price from the manufacturer exceeds €17,000. The luxury tax is also imposed on similar used cars.
- A luxury tax is imposed on leather, silk, valuable stones and jewelry of specific tariffs and types. The rate of the luxury tax is **10%** for all the aforementioned categories.
- Especially for privately used aircrafts, hydroplanes and helicopters, a **20%** rate applies.
- The tax is imposed on the total price, before VAT for goods imported or acquired from the EU and on the sale price, before VAT for the goods produced in Greece.
- The luxury tax is applicable as from **4 March 2010**.

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