



## COVID-19 – Measures aiming to tackle the effects of the Coronavirus pandemic

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**Tax Alert**



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# COVID-19 – Measures aiming to tackle the effects of the Coronavirus pandemic

## Law 4690/2020 - Ratification of the Legislative Decree issued on 13.04.2020 and 01.05.2020 – new tax and social security provisions

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According to the newly enacted Law 4690/2020 (published in the Government Gazette Volume A' 104/30.05.2020), the provisions of the Legislative Decree issued on 13.04.2020 and those of the one issued on 01.05.2020 are ratified, while the following provisions are also introduced:

### 01 **Extension of the benefit of 25% reduction in punctually paid instalments of assessed debts due in May 2020**

According to the new legislative provisions, businesses and individuals, for which the deadline for payment of their assessed debts owed to tax authorities (which are due from 01.05.2020 until 31.05.2020) have been extended in accordance with the provisions of relevant ministerial decisions, may benefit from the extension of the benefit of the 25% reduction in promptly paid instalments in the context of a debt settlement scheme due in May 2020

Any VAT or withholding tax (in case the latter have not been subject to a debt settlement arrangement) debts, as well as debts generated from state aid recovery are expressly excluded from the above benefit.

The said reduction shall also apply to debt paid from 11.03.2020 until 29.03.2020 and it will be effected by means of offsetting an amount equal to that of the reduction against other assessed debt/instalments in the context of a debt settlement scheme due after 01.06.2020. It is further clarified that the said benefit does not apply to debts paid before 11.3.2020.

### 02 **Extension of the measure of reduced commercial lease**

It is provided that the payment of reduced commercial lease (at a 40% rate) will apply to lease payments due in May 2020.

Moreover, the recently enacted legislative provisions also clarify how the said measures are applied to financial leasing. In particular, pursuant to the new provisions, the said 40% reduction will also apply to financial leasing of movable or immovable property (solely for business use) regarding businesses suffering a temporary operating ban due to COVID-19. In this respect the said reduction will apply through extending the repayment timeframe of the 40% reduced amount to:

- up to twelve (12) monthly instalments with regards to real estate lease agreements property;
- up to six (6) monthly instalments with regards to movable property lease agreement through restructuring agreements concluded by leasing companies.

The increased capital impairment rents payable at the beginning of the financial lease are reimbursed in full on the agreed dates.

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### 03 **Extension of the exemption from payment of 40% lease fees**

According to the new provisions, it is regulated that:

- the 40% reduction in commercial lease also applies to lease payments due in June 2020 in case of commercial lease agreements concluded by businesses suffering an operating ban due to COVID-19 during March, April, May or June 2020.
- the aforementioned reduction is applicable to lease fees payable in the context of commercial lease agreements for as long as the concerned businesses are affected and in any case until August 2020.

Lastly, it is provided that a Ministerial Decision will be issued pursuant a the recommendation provided by the Independent Authority for Public Revenue and it will define the affected businesses for each month and per sector.

### 04 **Reduction of VAT rates imposed on certain goods and services**

The provisions of Annex III of the Greek VAT Code are amended with effect as from 1 June 2020 until 31 October 2020 so that the application of the reduced (13%) VAT rate is extended to the supply of certain goods and services, as following:

- Non-alcoholic beverages, without the addition of alcohol in any proportion (CN EX 2202) and aerated waters classified under tariff class code 2201 (CN EX 2201).
- Passenger and luggage transportation services.
- The supply of non-alcoholic beverages, juices and drinks for on-site consumption in cafeterias, restaurants and similar establishments.
- Cinema tickets. To be noted that the super - reduced (6%) VAT rate continues to apply for theatre and concert tickets.

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### **05** Support measures for lessors as a result of not collecting rent, pursuant to the legislative provisions enacted to address the adverse effects of COVID-19.

#### a) Exemption from Corporate Income Tax for uncollected lease fees

It is provided that the uncollected amount of the lease (as a result of the implementation of the measure of the 40% reduced commercial lease in the context of measures addressing the adverse effects of COVID-19) does not constitute taxable income and shall not be subjected to either (corporate or individual) income tax or special solidarity contribution (if applicable to individual lessor).

The said provision applies to lease fees owed in the context of a commercial lease agreement concluded by businesses, which either suffer a temporary operating ban due to COVID-19 or are affected by the adverse effects of COVID-19.

#### b) Granting the right of deduction in relation to debts due as of 31.07.2020 onwards

It is further provided that the aforementioned lessors may benefit from deducting an amount equal to 20% of the 60% of the lease fees corresponding to the months, during which the measure of reduced commercial lease has been applied/will apply (as those lease fees were applicable before the 40% reduction), from debts owed to the tax authorities, which will be due as of 31.07.2020 onwards. That measure does apply to neither instalments in the context of a debt settlement scheme nor debt owed to a foreign government or generated from State aid recovery.

To be noted that a Ministerial Decision is expected to clarify all details necessary for the implementation of the aforementioned measures.

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### **06 Postponement of the extension of the deadline for maturity and payment of securities owed by businesses operating in the tourist industry – postponement of holder's debts**

a) The deadline for the maturity and payment of securities, which are payable by businesses operating exclusively in the tourist industry, is extended by a further 60 days. The CPA codes of the said businesses are cited in a table included in the relevant legislative provision.

b) Holders of securities that do not operate in the tourist industry may benefit from the extension of the deadline for payment and the postponement of the collection of assessed VAT debts (due until 30.09.2020) provided that the total value of the securities postponed exceeds 20% of the average monthly turnover corresponding to the previous FY (as the latter is calculated on the basis of total output reported in their initial or amended VAT returns in case they are required to file VAT returns or their turnover results from the respective returns, in case they do not file VAT returns).

Similarly, the deadline for the payment is extended as well as the collection of assessed debt is postponed with regards to assessed debt owed to the tax offices until 30.09.2020. The same extension applies to the deadline for payment of instalments in the context of a debt settlement scheme.

It shall be noted that no interest or other surcharges shall be calculated during the extension or postponement period.

### **07 25% Reduction in social security contributions for self-employed persons and free lancers**

Self-employed persons and free lancers may benefit from the payment of reduced (at a rate of 25%) social security contributions corresponding to periods of employment of April and May 2020, provided that the said persons proceed with prompt payment of the said social security contributions.

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