



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

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Tax Alert



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## Clarifications on issues relating to the submission of “Covid Declarations” for the period between March until August 2020

According to the new Circular (E. 2184/2020), issued by the Independent Authority for Public Revenue (IAPR), which follows up the Decision A.1243/2020, regulating the submission of additional “Covid Declarations” to correct mistakes. The new Circular provides clarifications on the submission of the said declarations so as for the favorable tax provisions, namely those that allow lessors to set off an amount equal to 20% of the 60% of the rent for the months, during which the measure of reduced commercial leases were applicable (taking into account of the amount of the rent before the reduction) against debts owed to the tax authorities that were due as of 31.07.2020 onwards (as prescribed by para 2 of article 13 of L.4690/2020) to apply.

In particular, the above Circular clarifies that:

- Lessors who collect reduced commercial lease as a result of the application of measures addressing the adverse effects of Covid-19 shall submit “Covid Declaration” in order to declare the reduced lease; that is a prerequisite for the application of the favorable tax provisions set by Law. Further, lessors shall submit both the initial and revised declaration by the deadline set in the respective Decisions.
- A revised “Covid Declaration” is the one following the initial (the one submitted for the first time), irrespective of the period concerned.
- The submission of the “Declaration of Real Estate Lease Information” not only precedes but is also a requirement for the submission of “Covid Declaration”. To be noted that the above also applies to lease agreements made before January 1, 2014 as well as to agreements including lease fee adjustments; in the latter case, the adjustment agreed shall be included in the lease amount and be reported in the corresponding section of the declaration.
- Furthermore, it is reminded that pursuant to the provisions of article 13(2) of L.4690/2020, only individual lessors who collect reduced rents may benefit from the favorable measures (i.e. right to set off an amount equal to 20% of the 60% of the rent against debts owed to the tax authorities, under certain conditions); That is to say, legal entities that lease properties are not entitled to benefit from the above.
- In the case of tacit extension of the lease agreement (i.e. assuming that no revised “Declaration of Real Estate Lease Information” has been submitted in order for the extension of the lease to be reported), the lease agreement will be considered valid only if its termination has not been declared. Therefore, the respective “Covid Declaration” will be accepted by the Greek Tax Authorities provided that the initial amount of rent as reported in the “Covid Declaration” is equal to the amount reported in the “Declaration of Real Estate Lease Information”.
- It is further clarified that in case the initial amount of rent which is reported in the “Covid Declaration” is not equal to the monthly rent reported in the “Declaration of Real Estate Lease Information”, the lessor shall submit either a revised “Covid Declaration” or a revised “Declaration of Real Estate Lease Information” including the correct amount of rent so as for the favorable tax provisions of art.13 of L.4690/2020 to apply.

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In particular, the above Circular clarifies that:

- It is important to note that regarding affected businesses that have terminated their operations, the relevant “Covid Declaration” will be taken into consideration, while the amount of tax deduction (as provided under para 2 of article 13 of L.4690/2020) will be calculated only in proportion to the length of time until the date of the cessation of their operations. Similar calculation shall be performed in cases of commencement of operations.
- A “Covid Declaration” that is submitted by a lessor who is in a state of insolvency will be accepted. Nevertheless, in case the lessee is the one who is in a state of insolvency, the relevant “Covid Declaration” will not be acceptable unless the lessee is also an employee whose employment contract has been suspended and the said declaration concerns its primary residence. Therefore, a “Covid Declaration” that concerns the commercial lease of a lessee who is in a state of insolvency will not be acceptable.
- Assuming that more than one lessors-co-owners of real estate have submitted “Declaration of Real Estate Lease Information” regarding the same property and also each one of the lessors-co-owners have submitted a separate “Covid Declaration”, the favorable tax measures of para 2 article 13 of L.4690/2020 will be provided only to the declaration submitted first or, alternatively, to the one declaring the termination of the lease. In case the said declaration includes all the essential information, all lessors will benefit from the tax deduction. However, if during the processing of multiple “Covid Declarations” it appears that all the required information about the lease are not identified, the Greek Tax Authorities will contact the lessors and request the provision of all the necessary clarifications.
- The submission of a corrective «Covid Declaration” is required in case the lessor had failed to choose the type of use of the property when submitting the initial declaration.

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In particular, the above Circular clarifies that:

- It is further clarified that should the lessor has submitted the “Covid Declaration” regarding a property that has not been included in the “Declaration of Property” (E9), the said individual may benefit from the above tax deduction provided that they duly submit the E9 return and, in any case, until 15.12.2020 (as that date is prescribed by the provisions of the Decision with ref.no. A.1243/2020. Alternatively, the lessor may send an email attaching all supporting documentation which evidence that they legally own the property to the following email address: diloseiscovid@aade.gr. Notwithstanding the above, it shall be noted that in case the statutory deadline for the submission of E9 return has passed, its submission within the time limits set for “Covid Declarations” (namely until 15.12.2020) does not result in lifting any penalties that apply for late submission of E9 returns.
- In connection with the aforementioned, any revised “Covid Declarations” that will be submitted after 15.12.2020 will be rejected.
- The favorable tax measures shall not apply in the following cases of submission of “Covid Declarations”, inter alia:
  - a.at least one of the lessees or the co-owners of the property have declared the rejection of the “Covid Declaration” within the time limit prescribed;
  - b. the reduction of commercial lease has not been reported to apply for the months to which the “Covid Declaration” corresponds;
  - c. the reduction of commercial lease applies to businesses that are not regarded as affected, pursuant to the applicable relevant legislative provisions;
  - d. the reduction of the lease is lower than 40%;
  - e. the lessor’s or lessee’s TIN has been suspended for intra-Community trade;
  - f. the lessee is a legal entity while having a lease for residential property.
- Lastly, the Circular provides certain examples of application of the tax deduction provided by paragraph 2 of article 13 of L.4690/2020.

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