



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

New tax measures have been announced to address the COVID-19 crisis

The Ministry of Finance, through a Press Release published on 20.05.2020, announced a new series of tax measures aiming to address COVID-19 crisis. The following measures have been announced:

- 01** Businesses suffering an operating ban, as well as those operating in the tourist, catering, transportation, culture and sports industry sector, may benefit from the **postponement of the payment of any instalments of assessed debts** owed to the tax authority. Moreover, employees, whose employment contracts have been suspended, shall enjoy the deferral of payment of any assessed debt instalments.
- 02** Businesses that continue to suffer an operating ban, as well as those operating in the tourist, catering, transportation, culture and sports industry sector, may benefit from the **payment of reduced commercial lease (at a rate of 40%) due in June**. Same benefit is also provided to businesses that commenced their operations in May, including retailers. Further, businesses operating in the tourist, transportation, culture and sports industry sector, may benefit from the payment of reduced commercial lease in July and August 2020.
- 03** Regarding **owners of real estate property rented to affected businesses and their employees, the suspension of time-limit for payment of their assessed debts** has been announced. The said owners may also benefit from offsetting part of the revenue lost against their tax liabilities arising after July.
- 04** Further, it has been announced that the right to **suspend employment contracts**, the provision of the special purpose compensation, as well as the social security coverage will be extended for a prolonged period. To be noted that the suspension of employment contracts of employees (reaching 100% of employees) is provided for businesses operating in the tourist, catering, transportation, culture and the sports industry sector.

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05 Advance tax payment reduction. Businesses with turnover decrease in March, April and May 2020, provided that the respective aggregate amount exceeds a certain percentage threshold, will benefit from a reduction in advance tax payment, payable in 2020. The exact discount rate will be determined in July, on the basis of the turnover information regarding the previous FY, that will have been submitted by businesses.

06 R&D expenses will have a super-deduction of 200% instead of the current 130%. This will apply to expenses incurred as of 01.09.2020 onwards.

07 The granting of a new State loan (“repayable advance”) will be conditioned upon turnover loss in March, April and May 2020. It has been also announced that any uncommitted balances remained after the completion of the first phase of the measure will be added in the aid budget for this second phase. Therefore, the total amount to be granted by the end of June will amount to EURO 2 billion.

08 VAT reduction: It has been announced the reduction of the VAT applicable rate on

- Transportation from 24% to 13%, regarding the period from 01.06.2020 until 31.10.2020. That applies to passenger transport by train, the subway, city and intercity buses, airplane, ship, as well as by combining all modes of transport.
- Coffee and non-alcoholic beverages from 24% to 13%, regarding the period from 01.06.2020 until 31.10.2020.
- Tourist packages from 80/20 (from 80% to 13% and 20% to 24%) to 90/10 regarding the period from 01.06.2020 until 31.10.2020.
- Movie Theater tickets from 24% to 13%, regarding the period from 01.06.2020 until 31.10.2020.

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