



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

**April 2020
Tax Alert**



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

1-Legislative Decree of 30.03.2020

On 30.03.2020, a Legislative Decree has been issued. The said Decree provides, inter alia, for the following measures:

01 25% discount on the amount of instalments of assessed debts. In particular, businesses in financial distress due to the spread of COVID-19, may benefit from a 25% discount on the amount of instalments of assessed debt, due from 30.03.2020 until 30.04.2020, provided that the relevant payments are made in a timely manner. εφόσον αυτές καταβάλλονται εμπρόθεσμα. In the case of instalments in the context of a debt settlement scheme, the said 25% discount applies on the amount of the instalment. Any VAT or withholding tax liabilities, which are not included in a debt settlement scheme, are explicitly excluded from the scope of this provision. Similarly, any debt incurred by State aid recovery or is payable to foreign States is also excluded.

02 Post-dated checks - Postponement of the maturity and payment date of securities for 75days, starting from the date indicated on the relevant security for businesses whose operations have been suspended or are considered affected on the basis of their CPA code:

The postponement of the maturity and payment date for securities is provided. The Said postponement shall last for 75 days. The measure under examination applies to:

- Businesses whose operation has been banned or are affected by COVID-19;
- Securities with maturity date from 30.03.2020 until 31.05.2020.

For affected businesses with CPA codes that will be included in the relevant list in April, the measure is also applicable, starting from the day after the inclusion of their CAP code in the list of affected businesses.

To be noted that the said postponement applies to any kind of securities

The relevant procedure- electronic transmission of the securities within three (3) business days after the entry into force of Legislative Decree:

Securities shall be electronically transmitted to financial institutions operating in Greece by any person entitled or liable (for instance by the issuer or the holder of securities). To be noted that the notion of “financial institution operating in Greece” includes: Greek branches of foreign financial institutions falling within the scope of L.4261/2014, the Deposit and Consignment Office, the payment institutions of L.4537/2018, e-money institutions of L.4021/2011, as well as the Greek branches and the representatives of financial and e-money institutions, which are established abroad and are lawfully operating in Greece. The timeline for the submission of the securities is further specified in the provision under examination. That electronic transmission shall be effected within three (3) business days after the entry into force of the aforementioned newly issued Legislative Decree. That is to say, for businesses already included in the list of affected businesses, the procedure shall be effected until 02.04.2020. Whereas, for businesses with CPA codes that will be included in the list in April 2020, the procedure shall be carried out within three (3) days after their inclusion.

In order for the above postponement to be implemented, Securities shall be forwarded and notified through an electronic application operated by financial institutions in collaboration with the payment system of DIAS S.A. and TEIRESIAS S.A. The said electronic application operates in accordance to the guidelines for the transmission of securities to financial institutions, as provided by the financial institutions.

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1-Legislative Decree of 30.03.2020

On 30.03.2020, a Legislative Decree has been issued. The said Decree provides, inter alia, for the following measures:

Holders of securities not included in the list of CPA codes of affected businesses

The said measure shall exceptionally apply to any holder of securities (even if they do not operate in any affected business sector) under the condition that the total value of securities postponed is higher than the 20% of their monthly turnover for the previous FY (as the turnover is calculated on the basis of the total output reported in the relevant VAT returns). Those holders may also benefit from the postponement of tax and social security payments, as of 01.04.2020 onwards, as long as their respective CPA code has not shown a significant increase during the crisis. The relative ministerial decision by the Ministry of Finance that will define the CPA codes with significant increase during the crisis is expected soon.

Likewise, a Ministerial Decision is expected to specify the supporting documentation required, the transmission procedure towards the Tax Authorities, as well as any other technical or procedural detail deemed necessary for the implementation of the above measure. The said Decision will be issued upon the recommendation of the Governor of the Independent Authority for Public Revenue.

As a last remark, it shall be noted that the beneficiary and the person liable to pay are free to agree upon the direct payment of the security on the initially indicated date, irrespective of the aforementioned measure providing for postponement.

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2-Extension of the deadline for payment of: (i) social security contributions for February and March 2020 and (ii) instalments in the context of a debt settlement scheme by employers

On 30.03.2020, a Legislative Decree has been issued. The said Decree provides, inter alia, for the following measures:

The Ministry of Finance and Labor recently issued a Joint Decision with ref.no. Δ.15/Δ/ 13226/325. The key points taken out of that decision are the following:

- The extension of the deadline for payment of social security contributions for the period of February and March 2020 (which are due until 31.03.2020 and 30.04.2020 respectively); the said extension will last until 30.09.2020 and 31.10.2020 respectively. During the extension period, no interest or other surcharges shall be calculated.
- The extension of the deadline for payment of instalments in the context of debt settlement scheme due until 31.03.2020. The said extension will last for three (3) months. Same extension also applies to all subsequent monthly instalments. During the extension period, no interest or other surcharges shall be calculated.

The aforementioned measures apply to businesses-employers:

- whose employees receive either salaries or wages, have private-law employment contracts of either indefinite or definitive period of time, have either full time or part time jobs or even work in job rotation;
- have active main CPA code, as of 20.03.2020, one of those included in the list attached in the Decision under examination.

To be noted that only businesses with a main active CPA code of those included in the relevant list do fall within the scope of this measure. That provision is in contradiction with the newly issued decisions of the Ministry of Finance. According to the latter, businesses with CPA codes of secondary activity that are included in the list may also benefit from the supporting measures, as long as their gross revenue generated from the secondary activity (as reported in their annual income tax return of FY 2018) is higher than their gross revenue generated from their main CPA code activity.

In view of the above comments, it is anticipated that the Ministry of Labor will make the necessary adjustments in order to align with the new Decisions of the Ministry of Finance.

It shall be highlighted that the aforementioned extensions cease to apply in case:

- The employer terminates the employment contract of employees whose contracts have been suspended;
- After the completion of the measure, the employer does not preserve the same number of jobs. The Ministry of Finance shall clarify the required period of the preservation of the same number of jobs.

If the above measure cease to apply, interest and other surcharges are charged upon the relevant tax liabilities.

The updated list of CPA codes of affected business sectors is attached in the above Decision. Nevertheless, it is noted that the list attached in the above Decision differs from the one attached in the Ministerial Decisions providing for the postponement of tax liabilities (see below under 4 and 5).

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3-Deferral on assessed debt payments by individuals-lessors of property rented to affected businesses and employees whose employment contracts are suspended

On 26.03.2020, the Ministry of Finance issued a series of decisions, which provide for the following measures:

Ministerial Decision with ref.no. A.1061/2020

A. The deadline for assessed debt, due from 11.03.2020 until 30.04.2020, is extended until 31.08.2020. Similar extension applies to the deadline for instalment payments in the context of a debt settlement scheme. Both those measures apply to:

- **individuals who lease real estate properties to businesses, provided that the businesses-lessees:**
 - have a main active CPA code of those specified in the updated relevant list of CPA codes of affected business sectors, as of 20.03.2020 or
 - their gross revenue generated from their secondary activity (with relevant active –as of 20.03.2020- CPA code of secondary activity mentioned in the relevant list of CPA codes of affected business sectors) is higher than the gross revenue generated from their main activity (relevant active- as of 20.03.2020- CPA code of main activity included in the abovementioned list). The amount of gross revenue is the one reported in the annual income tax return of the FY 2018.

(To be noted that the updated list of CPA codes of affected business sectors is attached in the Ministerial Decision under examination.)

- **employees, whose employment contracts have been suspended, either because of the cessation of the business operations due to a state mandate**, or as a result of the implementation of the measure of the suspension of employment contracts.

However, employees who:

- work remotely;
- are on legal leave;
- continue to work as security personnel, as well as
- employees whose employment contracts are not suspended because of the imposition of operating ban are explicitly excluded from the above measures.

B. The aforementioned individuals may also benefit from the postponement of the collection of assessed debt due on 11.03.2020, until 31.08.2020.

Upon payment, no interest or other surcharge in relation to the postponement period shall be calculated.

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4-Ministerial Decision with ref.no. A.1062/2020 – amending decision with ref.no.A.1053/2020 and the list of CPA codes of affected business sectors.

On 26.03.2020, the Ministry of Finance issued a series of decisions, which provide for the following measures:

Pursuant to the provisions of the recent Ministerial Decision with ref.no A.1062/2020, the support measures can equally apply to businesses with CPA codes of secondary activity, under certain conditions.

As a result, businesses whose gross revenue generated from their secondary activity (with relevant active –as of 20.03.2020- CPA code of secondary activity mentioned in the relevant list of CPA codes of affected business sectors) is higher than the gross revenue generated from their main activity (relevant active- as of 20.03.2020- CPA code of main activity included in the abovementioned list) may benefit from:

- the postponement of assessed debt payments, due from 11.03.2020 until 30.04.2020, until 31.08.2020;
- the postponement of instalment payments in the context of a debt settlement scheme, due from 11.03.2020 until 30.04.2020, until 31.08.2020.

To be noted that the updated list of CPA codes of affected business sectors is attached in the Ministerial Decision under examination.

5-Ministerial Decision with ref.no. A.1063/2020 – amending decision with ref.no. A.1054/2020 and the list of CPA codes of affected business sectors.

According to the provisions of Ministerial Decision with ref.no.A.1054/2020 (as amended by decision with ref.no. A.1063/2020), the aforementioned businesses may benefit from the extension of the deadline for VAT payments due from 11.3.2020 until 30.04.2020. The said extension shall last until 31.08.2020. Those businesses may also benefit from the postponement of the collection of assessed VAT debts due on 11.03.2020, until 31.08.2020.

The updated list of CPA codes of affected business sectors is attached in the aforementioned Ministerial Decision.

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6-Extension of the deadline for filing of the certain tax returns

On 26.03.2020, the Ministry of Finance issued a series of decisions, which provide for the following measures:

On 29.03.2020, the Ministry of Finance issued a decision with ref.no.A.1062/2020 providing for the extension of the deadline for filling of the following returns and declarations:

- capital duty and stamp duty returns, expiring in March and April 2020. The said extension will last for a period of two (2) months following the expiration of the relevant deadline.
- stamp duty returns, in case they are submitted electronically along with the relevant; withholding tax return. The filing of the said stamp duty returns shall follow the deadline for filing the respective withholding tax return;
- environmental duty (in relation to plastic bags) return for the first quarter of 2020, expiring on 30.04.2020 is extended. The said extension will last until 30.06.2020;
- tourist overnight tax return expiring on 31.03.2020 or 30.04.2020 (in relation to documents issued on February and March respectively) shall be extended until 29.05.2020 or 30.06.2020 respectively;
- inheritance tax declaration and of gambling profits tax declaration, expiring in March and April, are extended until 29.05.2020;
- Similarly, donation tax or parental benefits declaration are extended until 29.05.2020, provided that those acts are not recorded in a notarial deed.

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7-Supporting measures for employees of affected businesses-employers of the private sector

On 26.03.2020, the Ministry of Finance issued a series of decisions, which provide for the following measures:

The Ministries of Finance and Labor, through their recent Joint Decision with ref.no. 12998/232/2020, regulate a series of supporting measures for employees of:

A. businesses-employers suffering an operating ban, on the basis of their CPA code, due to a State mandate:

- suspension of the employment contracts shall apply for so long as the state mandate imposing the operating ban is valid;
- termination of employment contracts is explicitly prohibited. In case of termination of employment contracts, they are considered void;
- provision of exceptional financial aid amounting to 800€, covering a period of 45 calendar days. The said aid shall be provided to employees whose employment contracts have been suspended.
- social security costs of employees are fully covered by the State Budget. The said costs covered refer to a period of 45 calendar days and are calculated on the basis of employees' nominal salaries.
- regulation of the procedure for the provision of the special-purpose remuneration. In this respect, businesses-employees shall submit a specific affidavit from 24.03.2020 until 31.03.2020, and thereafter duly and timely (namely, from 24.03.2020 until 31.03.2020) notify their employees.

The next step is for employees to submit the respective affidavit from 01.04.2020 until 10.04.2020. The deadline for the submission may be further extended.

The benefits regarding the postponement of tax liability payments shall be revoked in the case of failure to comply with the above procedure from the part of employers.

B. businesses-employers operating in the private sector drastically affected by the emergency measures, on the basis of their main active CPA code or their CPA code of secondary activity (depending on gross revenue in FY 2018), as the relevant list of CPA codes has been updated by the Ministry of Finance:

- suspension of the employment contracts of all or part of the employees as of 21.03.2020, which is in force for an uninterrupted period of 45 calendar days;
- provision of the option to continue their operations through the use of security personnel or by the intra-group transfer of employees (if applicable);
- termination of all employment contracts is explicitly prohibited;
- obligation for the preservation of the same number of employees and under the same working conditions (as of 21.03.2020), in the case of suspension of employment contracts. The said obligation shall apply after the expiration of the suspension period and shall last for 45 days;
- the suspension of employment contracts may apply from 21.03.2020 until 20.04.2020;
- regarding the exceptional financial aid, the social security costs and the extension of the deadline for any tax liabilities, the information provided under A are applicable mutatis mutandis;

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